

EMPOWERING COMMUNITY HEALTHCARE OUTREACH

Financial Statements

For the Years Ended December 31, 2010 and 2009

(With Independent Accountants' Compilation Report)



## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Empowering Community Healthcare Outreach  
Fort Worth, Texas

We have compiled the accompanying statements of financial position of Empowering Community Healthcare Outreach (ECHO), formerly Empowering Church Healthcare Outreach, as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

*Hartman Leito & Bolt, LLP*

March 10, 2011  
Fort Worth, Texas

**Empowering Community Healthcare Outreach  
Statements of Financial Position at  
December 31, 2010 and 2009**

|   | <u>2010</u>       | <u>2009</u>      |
|---|-------------------|------------------|
| <b>ASSETS</b>                             |                   |                  |
| Current Assets                            |                   |                  |
| Cash                                      |                   |                  |
| Wells Fargo Checking                      | \$ 156,605        | \$ 64,870        |
| Total Cash                                | 156,605           | 64,870           |
| Employee Advances                         | 2,000             | 2,000            |
| Total Current Assets                      | 158,605           | 66,870           |
| <b>TOTAL ASSETS</b>                       | <u>\$ 158,605</u> | <u>\$ 66,870</u> |
| <br>                                      |                   |                  |
| <b>LIABILITIES &amp; NET ASSETS</b>       |                   |                  |
| Liabilities                               |                   |                  |
| Current Liabilities                       |                   |                  |
| Payroll Liabilities                       | \$ 1,709          | \$ 2,142         |
| Total Current Liabilities                 | 1,709             | 2,142            |
| Total Liabilities                         | 1,709             | 2,142            |
| Net Assets                                |                   |                  |
| Unrestricted Net Assets                   | 156,896           | 64,728           |
| Total Net Assets                          | 156,896           | 64,728           |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b> | <u>\$ 158,605</u> | <u>\$ 66,870</u> |

**Empowering Community Healthcare Outreach  
Statements of Activities  
For The Years Ended December 31, 2010 and 2009**

|   | 2010       | 2009       |
|---|------------|------------|
| <b>Income</b>                                     |            |            |
| Contributions                                     | \$ 470,000 | \$ 585,000 |
| Consulting Fees                                   | 0          | 10,216     |
| <b>Total Income</b>                               | 470,000    | 595,216    |
| <b>Expense</b>                                    |            |            |
| Recruitment of churches                           | 83,952     | 246,525    |
| Development of clinics                            | 180,997    | 177,998    |
| Facilitating operations of clinics                | 68,030     | 140,557    |
| General and administrative                        | 44,853     | 63,764     |
| <b>Total Expense</b>                              | 377,832    | 628,844    |
| <b>Change in net assets</b>                       | 92,168     | (33,628)   |
| <b>Unrestricted net assets, beginning of year</b> | 64,728     | 98,356     |
| <b>Unrestricted net assets, end of year</b>       | \$ 156,896 | \$ 64,728  |

**Empowering Community Healthcare Outreach**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2010**

|   | Program Services           |                           |  | Support                  | Total            |
|---|----------------------------|---------------------------|--|--------------------------|------------------|
|   | Recruitment<br>of Churches | Development<br>of Clinics | Facilitating<br>Operations<br>of Clinics | General<br>and<br>Admin. |                  |
| <b>Employee Compensation</b>                |                            |                           |  |                          |                  |
| Salary and Bonus                            | \$56,250                   | \$37,500                  | \$25,000                                 | \$6,250                  | \$125,000        |
| Payroll Expenses                            | 47                         | 31                        | 21                                       | 5                        | \$104            |
| Payroll Taxes                               | 3,795                      | 2,530                     | 1,687                                    | 422                      | \$8,434          |
| <b>Total Employee Compensation</b>          | <u>60,092</u>              | <u>40,061</u>             | <u>26,708</u>                            | <u>6,677</u>             | <u>133,538</u>   |
| <b>Employee Expenses</b>                    |                            |                           |  |                          |                  |
| Travel                                      | 11,131                     | 7,513                     | 5,009                                    | 4,174                    | 27,827           |
| Meals                                       | 1,139                      | 760                       | 506                                      | 127                      | 2,532            |
| Entertainment/Gifts                         | 544                        | 363                       | 242                                      | 60                       | 1,210            |
| Conferences                                 | 1,944                      | 1,296                     | 864                                      | 216                      | 4,321            |
| Office                                      | 514                        | 343                       | 228                                      | 57                       | 1,142            |
| Information Technology                      | 971                        | 647                       | 431                                      | 108                      | 2,157            |
| <b>Total Employee Expenses</b>              | <u>16,244</u>              | <u>10,922</u>             | <u>7,281</u>                             | <u>4,742</u>             | <u>39,189</u>    |
| <b>Clinic Start-up Consultants</b>          |                            |                           |  |                          |                  |
| Fees  | 0                          | 57,979                    | 19,326                                   | 0                        | 77,305           |
| Expenses (excl. conferences)                | 0                          | 12,595                    | 4,198                                    | 0                        | 16,794           |
| Conferences                                 | 0                          | 630                       | 210                                      | 0                        | 840              |
| <b>Total Clinic Start-up Consultants</b>    | <u>0</u>                   | <u>71,204</u>             | <u>23,735</u>                            | <u>0</u>                 | <u>94,939</u>    |
| <b>Clinic Services</b>                      |                            |                           |  |                          |                  |
| Information Technology                      | 0                          | 0                         | 4,442                                    | 0                        | 4,442            |
| Other                                       | 0                          | 0                         | 1,135                                    | 0                        | 1,135            |
| <b>Total Clinic Services</b>                | <u>0</u>                   | <u>0</u>                  | <u>5,577</u>                             | <u>0</u>                 | <u>5,577</u>     |
| <b>Informational Material &amp; Expense</b> | 431                        | 48                        | 0  | 0                        | 478              |
| <b>Website Expense</b>                      | 4,443                      | 494                       | 0  | 0                        | 4,937            |
| <b>Special Projects</b>                     |                            |                           |  |                          |                  |
| Consulting                                  | 0                          | 39,045                    | 0  | 0                        | 39,045           |
| Other                                       | 2,742                      | 305                       | 0  | 0                        | 3,047            |
| <b>Total Special Projects</b>               | <u>2,742</u>               | <u>39,350</u>             | <u>0</u>                                 | <u>0</u>                 | <u>42,092</u>    |
| <b>Corporate Expenses</b>                   |                            |                           |  |                          |                  |
| Office Admin. Allocation                    | 0                          | 16,770                    | 4,193                                    | 20,963                   | 41,926           |
| Information Technology                      | 0                          | 937                       | 234                                      | 1,172                    | 2,343            |
| Communication/Correspondence                | 0                          | 555                       | 139                                      | 694                      | 1,388            |
| Conferences                                 | 0                          | 0                         | 0  | 0                        | 0                |
| Meals                                       | 0                          | 655                       | 164                                      | 819                      | 1,637            |
| Insurance                                   | 0                          | 0                         | 0  | 2,647                    | 2,647            |
| Accounting                                  | 0                          | 0                         | 0  | 6,990                    | 6,990            |
| Legal                                       | 0                          | 0                         | 0  | 73                       | 73               |
| Other                                       | 0                          | 0                         | 0  | 77                       | 77               |
| <b>Total Corporate Expenses</b>             | <u>0</u>                   | <u>18,918</u>             | <u>4,729</u>                             | <u>33,434</u>            | <u>57,081</u>    |
| <b>Total Functional Expenses</b>            | <u>\$83,952</u>            | <u>\$180,997</u>          | <u>\$68,030</u>                          | <u>\$44,853</u>          | <u>\$377,832</u> |

**Empowering Community Healthcare Outreach  
Statement of Functional Expenses  
For the Year Ended December 31, 2009**

|   | Program Services           |                           |  | Support                  | Total            |
|---|----------------------------|---------------------------|--|--------------------------|------------------|
|   | Recruitment<br>of Churches | Development<br>of Clinics | Facilitating<br>Operations<br>of Clinics | General<br>and<br>Admin. |                  |
| <b>Employee Compensation</b>                |                            |                           |  |                          |                  |
| Salary and Bonus                            | \$151,230                  | \$100,820                 | \$67,213                                 | \$16,803                 | \$336,066        |
| Payroll Expenses                            | 68                         | 45                        | 30                                       | 8                        | \$151            |
| Payroll Taxes                               | 5,533                      | 3,688                     | 2,459                                    | 615                      | \$12,295         |
| <b>Total Employee Compensation</b>          | <u>156,831</u>             | <u>104,553</u>            | <u>69,702</u>                            | <u>17,426</u>            | <u>348,512</u>   |
| <b>Employee Expenses</b>                    |                            |                           |  |                          |                  |
| Travel                                      | 15,942                     | 7,971                     | 7,971                                    | 0                        | 31,884           |
| Meals                                       | 4,924                      | 1,641                     | 657                                      | 985                      | 8,207            |
| Entertainment/Gifts                         | 0                          | 0                         | 0  | 0                        | 0                |
| Conferences                                 | 1,191                      | 595                       | 595                                      | 0                        | 2,382            |
| Office                                      | 7,643                      | 2,118                     | 1,263                                    | 686                      | 11,710           |
| Information Technology                      | 3,908                      | 856                       | 338                                      | 79                       | 5,181            |
| Dispute Settlement                          | 21,133                     | 0                         | 31,700                                   | 0                        | 52,833           |
| <b>Total Employee Expenses</b>              | <u>54,741</u>              | <u>13,181</u>             | <u>42,524</u>                            | <u>1,750</u>             | <u>112,197</u>   |
| <b>Clinic Start-up Consultants</b>          |                            |                           |  |                          |                  |
| Fees  | 0                          | 35,935                    | 11,978                                   | 0                        | 47,913           |
| Expenses (excl. conferences)                | 0                          | 1,479                     | 1,479                                    | 0                        | 2,957            |
| Conferences                                 | 419                        | 210                       | 210                                      | 0                        | 838              |
| <b>Total Clinic Start-up Consultants</b>    | <u>419</u>                 | <u>37,623</u>             | <u>13,666</u>                            | <u>0</u>                 | <u>51,708</u>    |
| <b>Clinic Services</b>                      |                            |                           |  |                          |                  |
| Information Technology                      | 2,717                      | 1,359                     | 815                                      | 543                      | 5,434            |
| Other                                       | 0                          | 0                         | 0  | 250                      | 250              |
| <b>Total Clinic Services</b>                | <u>2,717</u>               | <u>1,359</u>              | <u>815</u>                               | <u>793</u>               | <u>5,684</u>     |
| <b>Informational Material &amp; Expense</b> | 0                          | 0                         | 0  | 0                        | 0                |
| <b>Website Expense</b>                      | 11,195                     | 5,193                     | 3,051                                    | 1,980                    | 21,420           |
| <b>Special Projects</b>                     |                            |                           |  |                          |                  |
| Consulting                                  | 0                          | 0                         | 0  | 0                        | 0                |
| Other                                       | 0                          | 0                         | 0  | 0                        | 0                |
| <b>Total Special Projects</b>               | <u>0</u>                   | <u>0</u>                  | <u>0</u>                                 | <u>0</u>                 | <u>0</u>         |
| <b>Corporate Expenses</b>                   |                            |                           |  |                          |                  |
| Office Admin. Allocation                    | 9,208                      | 9,208                     | 4,604                                    | 23,020                   | 46,040           |
| Information Technology                      | 1,769                      | 412                       | 172                                      | 51                       | 2,404            |
| Communication/Correspondence                | 3,565                      | 668                       | 223                                      | 0                        | 4,456            |
| Conferences                                 | 560                        | 280                       | 280                                      | 0                        | 1,120            |
| Meals                                       | 0                          | 0                         | 0  | 2,000                    | 2,000            |
| Insurance                                   | 0                          | 0                         | 0  | 2,883                    | 2,883            |
| Accounting                                  | 0                          | 0                         | 0  | 8,320                    | 8,320            |
| Legal                                       | 5,520                      | 5,520                     | 5,520                                    | 5,520                    | 22,081           |
| Other                                       | 0                          | 0                         | 0  | 20                       | 20               |
| <b>Total Corporate Expenses</b>             | <u>20,622</u>              | <u>16,088</u>             | <u>10,798</u>                            | <u>41,814</u>            | <u>89,323</u>    |
| <b>Total Functional Expenses</b>            | <u>\$246,525</u>           | <u>\$177,998</u>          | <u>\$140,557</u>                         | <u>\$63,764</u>          | <u>\$628,844</u> |

**Empowering Community Healthcare Outreach  
Statements of Cash Flows  
For The Years Ended December 31, 2010 and 2009**

|  | <u>2010</u>       | <u>2009</u>      |
|--|-------------------|------------------|
| Cash flows from operating activities:  |                   |                  |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities: |                   |                  |
| Change in net assets   | \$ 92,168         | \$ (33,628)      |
| Amortization of intangible asset   | 0                 | 93,334           |
| Settlement of employee obligation  | 0                 | (50,000)         |
| Changes in assets and liabilities:   |                   |                  |
| Decrease in employee advances  | 0                 | 5,000            |
| Decrease in payroll liabilities  | (433)             | (4,523)          |
| Net cash provided by operating activities  | <u>91,735</u>     | <u>10,183</u>    |
| Cash flows from investing activities   | 0                 | 0                |
| Cash flows from financing activities   | <u>0</u>          | <u>0</u>         |
| Net change in cash   | 91,735            | 10,183           |
| Cash, beginning of year  | 64,870            | 54,687           |
| Cash, end of year  | <u>\$ 156,605</u> | <u>\$ 64,870</u> |

**Empowering Community Healthcare Outreach  
Notes to Financial Statements  
For the Years Ended December 31, 2010 and 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Nature of Activities**

Empowering Community Healthcare Outreach (ECHO) is a Texas non-profit corporation with no capital stock that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity. ECHO was formed in 2007 as Empowering Church Healthcare Outreach to assume the activities previously begun in 2005 and carried out in the Healthcare for the Poor initiative of the Nancy and John Snyder Foundation to facilitate the development of charitable community healthcare clinics for financially struggling individuals and families. The name was changed to Empowering Community Healthcare Outreach on December 23, 2010.

Its current programs include:

**Recruitment of Churches:** Identifying churches that have the resources needed to develop a charitable community healthcare clinic, encouraging them to make a commitment to develop such a clinic and entering an agreement with them to provide consulting services to guide them.

**Development of Clinics:** Consulting with churches to help them start charitable community healthcare clinics.

**Facilitating Operations of Clinics:** Consulting with charitable community healthcare clinics to enhance their effectiveness; and, developing tools and services to help ECHO affiliated clinics, such as cost effective electronic medical records capability and ways to meet other clinic needs in a cost effective manner.

**(b) Financial Statement Presentation**

ECHO is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. ECHO has no restrictions on its net assets as of December 31, 2010 or 2009.

**(c) Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions and grants received and unconditional promises to give, including donated food, are measured at their fair value and are reported as an increase in net assets. ECHO reports gifts of cash, food, and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Empowering Community Healthcare Outreach  
Notes to Financial Statements  
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Contributions (Continued)

ECHO reports gifts of goods and equipment as unrestricted revenue unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted revenue. Absent explicit donor stipulations about how long those long-lived assets must be maintained, ECHO reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(d) Functional Expenses

Expenses are charged to a single program and supporting services based on direct expenditures incurred. Any expenditure not directly chargeable to a single program is allocated to programs and supporting services by percentages based on management's estimates.

(e) Income Tax Status

ECHO is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); therefore, no provision for income taxes has been included in the financial statements.

(f) Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, public support and revenue, and functional expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(g) Statement of Cash Flows

Cash equivalents consist of cash in banks and money market funds.

(h) New Accounting Pronouncements

ECHO's management has evaluated the recently issued accounting pronouncements through the date that these financial statements were available to be issued and has determined the application of these pronouncements will have no material impact on ECHO's financial position and results of operations.

(i) Concentrations

ECHO received the majority of its contributions from only one donor, the Community Foundation of North Texas, during 2010 and 2009. This donor comprised approximately seventy-nine percent and ninety percent of the contributions received during 2010 and 2009, respectively.

**Empowering Community Healthcare Outreach  
Notes to Financial Statements  
For the Years Ended December 31, 2010 and 2009**

**2. NOTES PAYABLE**

In 2008, ECHO entered into an agreement with an individual for payment of an employment obligation. ECHO was obligated to pay \$25,000 in 2009 and \$25,000 in 2010 in accordance with this agreement. The note did not bear interest. On June 18, 2009 the employee covered under this agreement separated from service with ECHO. The note payable was reversed in 2009, and the resulting impact was included in the Recruitment of Churches and Facilitation Operations of Clinics expense categories.

**3. SUBSEQUENT EVENTS**

ECHO evaluated events occurring between the end of its most recent fiscal year and March 10, 2011, the date the financial statements were issued.