

EMPOWERING COMMUNITY HEALTHCARE OUTREACH

Financial Statements

For the Years Ended December 31, 2013 and 2012

(With Independent Accountant's Compilation Report)

INDEPENDENT ACCOUNTANT'S 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) as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, 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

February 21, 2014
Fort Worth, Texas

Empowering Community Healthcare Outreach
Statements of Financial Position
December 31, 2013 and 2012

| | 2013 | 2012 |
|---|------------|------------|
| ASSETS | | |
| Current Assets | | |
| Cash | | |
| Wells Fargo Checking | \$ 47,373 | \$ 69,555 |
| Fidelity | 260,024 | 230,003 |
| Total Cash | 307,397 | 299,558 |
| Employee Advances | 0 | 2,000 |
| Total Current Assets | 307,397 | 301,558 |
| Fixed Assets | | |
| Furnishings and Equipment | 24,559 | 21,375 |
| Accumulated Depreciation | -5,250 | -1,400 |
| Total Fixed Assets | 19,309 | 19,975 |
| | \$ 326,706 | \$ 321,533 |
| TOTAL ASSETS | | |
| | | |
| LIABILITIES & NET ASSETS | | |
| Liabilities | | |
| Current Liabilities | | |
| Payroll Liabilities | \$ 10,024 | \$ 6,134 |
| Total Current Liabilities | 10,024 | 6,134 |
| Total Liabilities | 10,024 | 6,134 |
| Net Assets | | |
| Unrestricted Net Assets | 316,682 | 315,399 |
| Total Net Assets | 316,682 | 315,399 |
| TOTAL LIABILITIES & NET ASSETS | \$ 326,706 | \$ 321,533 |

**Empowering Community Healthcare Outreach
Statements of Activities
For The Years Ended December 31, 2013 and 2012**

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| Unrestricted Support and Revenue | | |
| Contributions | \$ 918,800 | \$ 805,000 |
| Federal Grant | 0 | 54,143 |
| Fees for Services | 11,000 | 15,575 |
| Membership Fees | 10,200 | 0 |
| Dividend Income | 5 | 1 |
| Interest Income | 17 | 1 |
| | <u>940,022</u> | <u>874,720</u> |
| Expense | | |
| Recruitment of Sponsors | 181,528 | 124,520 |
| Development of Clinics | 213,251 | 215,985 |
| Capacity Building | 261,147 | 106,130 |
| Fundraising | 139,691 | 29,128 |
| Management and Administrative | 143,122 | 216,783 |
| | <u>938,739</u> | <u>692,546</u> |
| Change in Net Assets | 1,283 | 182,174 |
| Unrestricted Net Assets, Beginning of Year | 315,399 | 133,225 |
| Unrestricted Net Assets, End of Year | <u>\$ 316,682</u> | <u>\$ 315,399</u> |

Empowering Community Healthcare Outreach
Statement of Functional Expenses
For the Year Ended December 31, 2013

| | Programs | | | Support Services | | Total |
|--------------------------------|----------------------------|---------------------------|----------------------|------------------|----------------------------------|------------------|
| | Recruitment of Sponsors | Development of Clinics | Capacity Building | Fundraising | Management and Administrative | |
| Direct Employee Compensation | \$72,270 | \$130,085 | \$137,313 | \$3,613 | \$18,068 | \$361,349 |
| Direct Employee Expenses | 11,753 | 21,156 | 22,331 | 588 | 2,938 | 58,766 |
| Consultant Fees and Expenses | 14,938 | 26,888 | 28,382 | 747 | 3,734 | 74,689 |
| Clinic Services | 0 | 74 | 73 | 0 | 0 | 147 |
| Promotional Materials | 290 | 0 | 0 | 290 | 0 | 580 |
| Total Direct | \$99,251 | \$178,203 | \$188,099 | \$5,238 | \$24,740 | \$495,531 |
| | | | | | | |
| Indirect Employee Compensation | \$48,812 | \$24,406 | \$48,813 | \$48,811 | \$73,217 | \$244,059 |
| Indirect Employee Expenses | 2,960 | 1,480 | 2,960 | 2,960 | 4,440 | 14,800 |
| Consultant Fees and Expenses | 6,230 | 0 | 0 | 58,406 | 13,239 | 77,875 |
| Promotional Materials | 5,904 | 0 | 2,952 | 5,904 | 0 | 14,760 |
| Website Expense | 48 | 0 | 0 | 48 | 0 | 95 |
| Facility Expenses | 6,192 | 3,096 | 6,192 | 6,192 | 9,288 | 30,960 |
| Office Expenses | 2,713 | 1,357 | 2,713 | 2,713 | 4,070 | 13,567 |
| Corporate | 9,418 | 4,709 | 9,418 | 9,418 | 14,128 | 47,092 |
| Total Indirect | \$82,277 | \$35,048 | \$73,048 | \$134,453 | \$118,382 | \$443,208 |
| | \$181,528 | \$213,251 | \$261,147 | \$139,691 | \$143,122 | \$938,739 |

**Empowering Community Healthcare Outreach
Statement of Functional Expenses
For the Year Ended December 31, 2012**

| | Programs | | | Support Services | | Total |
|--|----------------------------|---------------------------|----------------------|------------------|-------------------------------------|------------------|
| | Recruitment of Sponsors | Development of Clinics | Capacity Building | Fundraising | Management and Administrative | |
| Employee Compensation | | | | | | |
| Salary and Bonus | \$88,379 | \$65,862 | \$39,900 | \$16,732 | \$115,405 | \$326,278 |
| Housing Allowance | 10,901 | 0 | 0 | 4,360 | 28,343 | 43,604 |
| Payroll Expenses | 48 | 0 | 0 | 19 | 124 | 191 |
| Payroll Taxes | 5,894 | 4,612 | 2,626 | 1,132 | 7,795 | 22,059 |
| Total Employee Compensation | 105,222 | 70,474 | 42,526 | 22,243 | 151,667 | 392,132 |
| Employee Expenses | | | | | | |
| Travel | 7,537 | 6,306 | 5,576 | 413 | 3,611 | 23,443 |
| Meals | 796 | 754 | 436 | 115 | 820 | 2,921 |
| Entertainment/Gifts | 392 | 326 | 254 | 39 | 293 | 1,304 |
| Conferences | 2,208 | 1,147 | 1,147 | 348 | 2,451 | 7,301 |
| Office | 166 | 157 | 126 | 8 | 70 | 527 |
| Parking | 346 | 180 | 0 | 139 | 900 | 1,565 |
| Information Technology | 1,141 | 978 | 978 | 0 | 163 | 3,260 |
| Other | 19 | 232 | 16 | 0 | 3 | 270 |
| Total Employee Expenses | 12,605 | 10,080 | 8,533 | 1,062 | 8,311 | 40,591 |
| Clinic Start-up Consultants | | | | | | |
| Fees | 0 | 65,713 | 21,904 | 0 | 0 | 87,617 |
| Federal Tort Claims Act Consulting | 0 | 4,778 | 1,593 | 0 | 0 | 6,371 |
| Other Expenses (Excluding Conferences) | 0 | 6,219 | 2,073 | 0 | 0 | 8,292 |
| Consultants Meetings | 0 | 17,319 | 5,773 | 0 | 0 | 23,092 |
| Consultants Meetings Travel | 0 | 12,950 | 4,317 | 0 | 0 | 17,267 |
| Conferences | 0 | 634 | 211 | 0 | 0 | 845 |
| Target Model Development | 0 | 16,834 | 5,611 | 0 | 0 | 22,445 |
| Total Clinic Start-up Consultants | 0 | 124,447 | 41,482 | 0 | 0 | 165,929 |
| Clinic Services | | | | | | |
| Information Technology | 0 | 0 | 1,215 | 0 | 0 | 1,215 |
| Conference Call | 0 | 0 | 1,162 | 0 | 0 | 1,162 |
| Other | 0 | 0 | 100 | 0 | 0 | 100 |
| Total Clinic Services | 0 | 0 | 2,477 | 0 | 0 | 2,477 |
| Promotional Materials | 1,079 | 0 | 0 | 120 | 0 | 1,199 |
| Website Expense | 578 | 0 | 0 | 64 | 0 | 642 |
| Special Projects | | | | | | |
| Consulting | 0 | 10,984 | 10,984 | 0 | 0 | 21,968 |
| Strategic Consulting | 0 | 0 | 0 | 0 | 500 | 500 |
| Evaluation | 0 | 0 | 128 | 0 | 0 | 128 |
| Total Special Projects | 0 | 10,984 | 11,112 | 0 | 500 | 22,596 |
| Facility Costs | | | | | | |
| Rent | 2,077 | 0 | 0 | 831 | 5,400 | 8,308 |
| Furnishings | 278 | 0 | 0 | 111 | 722 | 1,111 |
| Depreciation Expense | 350 | 0 | 0 | 140 | 910 | 1,400 |
| Other | 30 | 0 | 0 | 12 | 78 | 120 |
| Total Facility Costs | 2,735 | 0 | 0 | 1,094 | 7,110 | 10,939 |
| Office Administration Costs | | | | | | |
| Computer/IT Expense | 746 | 0 | 0 | 299 | 1,941 | 2,986 |
| Office Supplies and Equipment | 1,266 | 0 | 0 | 506 | 3,291 | 5,063 |
| Postage/Shipping | 0 | 0 | 0 | 0 | 0 | 0 |
| Telephone | 285 | 0 | 0 | 114 | 742 | 1,141 |
| Other | 4 | 0 | 0 | 2 | 10 | 16 |
| Total Office Administration Costs | 2,301 | 0 | 0 | 921 | 5,984 | 9,206 |
| Corporate Expenses | | | | | | |
| Shared Administrative | 0 | 0 | 0 | 3,624 | 32,640 | 36,264 |
| Accounting | 0 | 0 | 0 | 0 | 6,350 | 6,350 |
| Insurance | 0 | 0 | 0 | 0 | 3,470 | 3,470 |
| Legal | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 751 | 751 |
| Total Corporate Expenses | 0 | 0 | 0 | 3,624 | 43,211 | 46,835 |
| Total Functional Expenses | \$124,520 | \$215,985 | \$106,130 | \$29,128 | \$216,783 | \$692,546 |

**Empowering Community Healthcare Outreach
Statements of Cash Flows
For The Years Ended December 31, 2013 and 2012**

| | 2013 | 2012 |
|--|------------|------------|
| Cash Flows From Operating Activities: | | |
| Change in Net Assets | \$ 1,283 | \$ 182,174 |
| Adjustments to Reconcile Change in Net Assets to | | |
| Net Cash Provided By Operating Activities: | | |
| Depreciation | 3,850 | 1,400 |
| Changes in Assets and Liabilities: | | |
| Decrease in Employee Advances | 2,000 | 0 |
| Increase in Payroll Liabilities | 3,890 | 1,589 |
| Net Cash Provided By Operating Activities | 11,023 | 185,163 |
| Cash Flows From Investing Activities | | |
| Purchases of Furnishings and Equipment | (3,184) | (21,375) |
| Net Cash Used in Investing Activities | (3,184) | (21,375) |
| Cash Flows From Financing Activities | 0 | 0 |
| Net Change in Cash | 7,839 | 163,788 |
| Cash, Beginning of Year | 299,558 | 135,770 |
| Cash, End of Year | \$ 307,397 | \$ 299,558 |

Empowering Community Healthcare Outreach
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

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 which were 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 programs in 2013 or 2012 include:

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

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

Capacity Building: Consulting with charitable community healthcare clinics to enhance their effectiveness; and, developing tools and services to help, such as cost effective electronic medical records capabilities 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, 2013 or 2012.

(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 are measured at their fair value and are reported as an increase in net assets. ECHO reports gifts of cash 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, 2013 and 2012

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

(e) Income Tax Status

ECHO is a nonprofit corporation 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, 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 or changes in net assets.

(i) Concentrations

ECHO received the majority of its contributions from one donor, the Community Foundation of North Texas, during 2013 and 2012. This donor comprised approximately sixty-nine percent and seventy-eight percent of the contributions received during 2013 and 2012, respectively.

Empowering Community Healthcare Outreach
Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Donated assets are recorded at their estimated fair value on the date of contribution. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range from three to seven years. ECHO capitalized all assets with cost greater than \$1,000 and estimated useful life greater than one year.

(k) Income Taxes and Uncertain Tax Positions

ECHO is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal income tax. ECHO applied provisions of the Financial Accounting Standard Board Accounting Standards Codification topic *Accounting for Uncertainty in Income Taxes* during 2013 and 2012. No change in unrecognized tax liability or asset resulted from this accounting guidance. ECHO recognizes accrued interest and penalties, if any, related to unrecognized tax benefits in management and general expenses. For 2013 and 2012, there were no interest or penalty expenses. ECHO is not under examination for tax purposes by any jurisdiction. Open tax years include 2010 forward.

2. SUBSEQUENT EVENTS

ECHO evaluated events occurring between the end of its most recent fiscal year and February 21, 2014, the date the financial statements were available to be issued. It was determined that no additional disclosures were required.