

EMPOWERING COMMUNITY HEALTHCARE OUTREACH

Financial Statements

For the Years Ended December 31, 2011 and 2010

(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, 2011 and 2010, 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 29, 2012
Fort Worth, Texas

**Empowering Community Healthcare Outreach
Statements of Financial Position
December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash		
Wells Fargo Checking	\$ 135,770	\$ 156,605
Total Cash	135,770	156,605
Employee Advances	2,000	2,000
Total Current Assets	137,770	158,605
TOTAL ASSETS	<u>\$ 137,770</u>	<u>\$ 158,605</u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Payroll Liabilities	\$ 4,545	\$ 1,709
Total Current Liabilities	4,545	1,709
Total Liabilities	4,545	1,709
Net Assets		
Unrestricted Net Assets	133,225	156,896
Total Net Assets	133,225	156,896
TOTAL LIABILITIES & NET ASSETS	<u>\$ 137,770</u>	<u>\$ 158,605</u>

**Empowering Community Healthcare Outreach
Statements of Activities
For The Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Income		
Contributions	\$ 515,000	\$ 470,000
Federal Grant	25,857	0
Fees for Services	<u>3,000</u>	<u>0</u>
 Total Income	 543,857	 470,000
Expense		
Recruitment of churches	54,519	83,952
Development of clinics	298,998	180,997
Facilitating operations of clinics	154,960	68,030
General and administrative	<u>59,051</u>	<u>44,853</u>
 Total Expense	 <u>567,528</u>	 <u>377,832</u>
 Change in net assets	 (23,671)	 92,168
 Unrestricted net assets, beginning of year	 156,896	 64,728
 Unrestricted net assets, end of year	 <u>\$ 133,225</u>	 <u>\$ 156,896</u>

Empowering Community Healthcare Outreach
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Program Services			Support	Total
	Recruitment of Churches	Development of Clinics	Facilitating Operations of Clinics	General and Admin	
Executive Director Compensation					
Salary and Bonus	\$33,281	\$46,594	\$46,594	\$6,656	\$133,125
Payroll Expenses	19	26	26	4	75
Payroll Taxes	2,138	2,993	2,993	428	8,552
Total Executive Director Compensation	35,438	49,613	49,613	7,088	141,752
Executive Director Expense					
Travel	4,842	5,810	3,873	4,842	19,367
Meals	358	430	286	358	1,432
Entertainment/Gifts	414	474	296	0	1,184
Conferences	1,125	675	450	0	2,250
Office	308	428	308	182	1,226
Information Technology	703	984	703	422	2,812
Total Executive Director Expenses	7,750	8,801	5,916	5,804	28,271
Tarrant County Coordinator Compensation					
Salary and Bonus	0	65,000	35,000	0	100,000
Parking	0	859	462	0	1,321
Payroll Expenses	0	44	23	0	67
Payroll Taxes	0	4,973	2,678	0	7,651
Total Tarrant County Coordinator Compensation	0	70,876	38,163	0	109,039
Tarrant County Coordinator Expenses					
Travel	0	479	258	0	737
Meals	0	497	268	0	765
Entertainment/Gifts	0	132	88	0	220
Conferences	0	1,236	0	0	1,236
Office	0	324	174	0	498
Information Technology	0	124	67	0	191
Total Tarrant County Coordinator Expenses	0	2,792	855	0	3,647
Clinic Start-up Consultants					
Fees	0	89,114	29,705	0	118,819
Expenses (excluding conferences)	0	16,626	5,542	0	22,168
Conferences	0	8,861	2,954	0	11,815
Total Clinic Start-up Consultants	0	114,601	38,201	0	152,802
Clinic Services					
Information Technology	0	0	567	0	567
Conference Call	0	550	550	0	1,100
Other	0	200	200	0	400
Total Clinic Services	0	750	1,317	0	2,067
Promotional Expense & Materials	608	68	0	0	676
Website Expense	10,689	1,188	0	0	11,877
Special Projects					
Consulting	0	19,588	0	0	19,588
Evaluation	0	0	11,702	0	11,702
Total Special Projects	0	19,588	11,702	0	31,290
Corporate Expenses					
Office Administraton Allocation	0	27,297	6,824	34,122	68,243
Information Technology	0	441	110	551	1,102
Communication/Correspondence	0	232	58	290	580
Conferences	0	298	298	0	596
Office Equipment and Supplies	34	34	34	236	338
Travel	0	1,685	1,685	0	3,370
Meals	0	734	184	918	1,836
Insurance	0	0	0	3,332	3,332
Accounting	0	0	0	6,610	6,610
Legal	0	0	0	53	53
Other	0	0	0	47	47
Total Corporate Expenses	34	30,721	9,193	46,159	86,107
Total Functional Expenses	\$54,519	\$298,998	\$154,960	\$59,051	\$567,528

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

	Program Services			Support	Total
	Recruitment of Churches	Development of Clinics	Facilitating Operations of Clinics	General and Admin.	
Employee Compensation					
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
Total Employee Compensation	60,092	40,061	26,708	6,677	133,538
Employee Expenses					
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
Total Employee Expenses	16,244	10,922	7,281	4,742	39,189
Clinic Start-up Consultants					
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
Total Clinic Start-up Consultants	0	71,204	23,735	0	94,939
Clinic Services					
Information Technology	0	0	4,442	0	4,442
Other	0	0	1,135	0	1,135
Total Clinic Services	0	0	5,577	0	5,577
Informational Material & Expense	431	48	0	0	478
Website Expense	4,443	494	0	0	4,937
Special Projects					
Consulting	0	39,045	0	0	39,045
Other	2,742	305	0	0	3,047
Total Special Projects	2,742	39,350	0	0	42,092
Corporate Expenses					
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
Total Corporate Expenses	0	18,918	4,729	33,434	57,081
Total Functional Expenses	\$83,952	\$180,997	\$68,030	\$44,853	\$377,832

**Empowering Community Healthcare Outreach
Statements of Cash Flows
For The Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in net assets	\$ (23,671)	\$ 92,168
Changes in assets and liabilities:		
Increase (decrease) in payroll liabilities	<u>2,836</u>	<u>(433)</u>
Net cash (used in) provided by operating activities	<u>(20,835)</u>	<u>91,735</u>
Cash flows from investing activities	0	0
Cash flows from financing activities	<u>0</u>	<u>0</u>
Net change in cash	(20,835)	91,735
Cash, beginning of year	156,605	64,870
Cash, end of year	<u>\$ 135,770</u>	<u>\$ 156,605</u>

**Empowering Community Healthcare Outreach
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010**

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 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, 2011 or 2010.

(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, 2011 and 2010**

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 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, 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 one donor, the Community Foundation of North Texas, during 2011 and 2010. This donor comprised approximately seventy-six percent and seventy-nine percent of the contributions received during 2011 and 2010, respectively.

**Empowering Community Healthcare Outreach
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010**

2. SUBSEQUENT EVENTS

ECHO evaluated events occurring between the end of its most recent fiscal year and February 29, 2012, the date the financial statements were available to be issued.