

EMPOWERING COMMUNITY HEALTHCARE OUTREACH

Financial Statements

For the Years Ended December 31, 2012 and 2011

(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) as of December 31, 2012 and 2011, 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

**March 4, 2013
Fort Worth, Texas**

Empowering Community Healthcare Outreach
Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
ASSETS		
Current Assets		
Cash		
Wells Fargo Checking	\$ 69,555	\$ 135,770
Fidelity	230,003	0
Total Cash	299,558	135,770
Employee Advances	2,000	2,000
Total Current Assets	301,558	137,770
Fixed Assets		
Furnishings and Equipment	21,375	0
Accumulated Depreciation	-1,400	0
Total Fixed Assets	19,975	0
TOTAL ASSETS	\$ 321,533	\$ 137,770
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Payroll Liabilities	\$ 6,134	\$ 4,545
Total Current Liabilities	6,134	4,545
Total Liabilities	6,134	4,545
Net Assets		
Unrestricted Net Assets	315,399	133,225
Total Net Assets	315,399	133,225
TOTAL LIABILITIES & NET ASSETS	\$ 321,533	\$ 137,770

**Empowering Community Healthcare Outreach
Statements of Activities
For The Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Income		
Contributions	\$ 805,000	\$ 515,000
Federal Grant	54,143	25,857
Fees for Services	15,575	3,000
Dividend Income	1	0
Interest Income	<u>1</u>	<u>0</u>
 Total Income	 874,720	 543,857
 Expense		
Recruitment of Churches	124,520	54,519
Development of Clinics	215,985	298,998
Facilitating Operations of Clinics	106,130	154,960
Fundraising	29,128	0
Management and Administrative	<u>216,783</u>	<u>59,051</u>
 Total Expense	 <u>692,546</u>	 <u>567,528</u>
 Change in net assets	 182,174	 (23,671)
 Unrestricted net assets, beginning of year	 133,225	 156,896
 Unrestricted net assets, end of year	 <u>\$ 315,399</u>	 <u>\$ 133,225</u>

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

	Programs			Support Services		Total
	Recruitment of Churches	Development of Clinics	Facilitating Operations of Clinics	Fundraising	Mgmt. and Admin.	
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
FTCA	0	4,778	1,593	0	0	6,371
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
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Programs			Support Services	Total
	Recruitment of Churches	Development of Clinics	Facilitating Operations of Clinics	Mgmt. 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 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 Administrator 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
Statements of Cash Flows
For The Years Ended December 31, 2012 and 2011**

	2012	2011
Cash flows from operating activities:		
Adjustments to reconcile change in net assets to		
Net cash provided by (used in) operating activities:		
Change in net assets	\$ 182,174	\$ (23,671)
Depreciation	1,400	0
Changes in assets and liabilities:		
Increase in payroll liabilities	1,589	2,836
Net cash provided by (used in) operating activities	185,163	(20,835)
Cash flows from investing activities		
Purchases of furnishings and equipment	(21,375)	0
Net cash used in investing activities	(21,375)	0
Cash flows from financing activities	0	0
Net change in cash	163,788	(20,835)
Cash, beginning of year	135,770	156,605
Cash, end of year	\$ 299,558	\$ 135,770

Empowering Community Healthcare Outreach
Notes to Financial Statements
For the Years Ended December 31, 2012 and 2011

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 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.

Facilitating Operations of Clinics: 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, 2012 or 2011.

(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, 2012 and 2011

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, 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 2012 and 2011. This donor comprised approximately seventy-eight percent and seventy-six percent of the contributions received during 2012 and 2011, respectively.

**Empowering Community Healthcare Outreach
Notes to Financial Statements
For the Years Ended December 31, 2012 and 2011**

2. SUBSEQUENT EVENTS

ECHO evaluated events occurring between the end of its most recent fiscal year and February 28, 2013, the date the financial statements were available to be issued. It was determined that no additional disclosures were required.