

**EL BUEN SAMARITANO
EPISCOPAL MISSION**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

**EL BUEN SAMARITANO EPISCOPAL MISSION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
El Buen Samaritano Episcopal Mission
Austin, Texas

We have audited the accompanying financial statements of El Buen Samaritano Episcopal Mission (a nonprofit organization), which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Buen Samaritano Episcopal Mission as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Figer & Company
May 11, 2015

**EL BUEN SAMARITANO EPISCOPAL MISSION
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 571,820 | \$ 705,648 |
| Grants receivable | 124,497 | 175,973 |
| Accounts receivable, net | 102,780 | 89,610 |
| Deposits and other assets | 18,941 | 76,006 |
| Investments | 2,079,717 | 2,327,469 |
| Property and equipment, net | <u>3,691,205</u> | <u>3,901,714</u> |
| Total assets | <u>\$ 6,588,960</u> | <u>\$ 7,276,420</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | <u>\$ 153,000</u> | <u>\$ 207,283</u> |
| Total liabilities | <u>153,000</u> | <u>207,283</u> |
| NET ASSETS | | |
| Unrestricted: | | |
| Board designated | 2,641,434 | 2,951,901 |
| Undesignated | <u>2,861,538</u> | <u>3,205,660</u> |
| Total unrestricted net assets | 5,502,972 | 6,157,561 |
| Temporarily restricted | <u>932,988</u> | <u>911,576</u> |
| Total net assets | <u>6,435,960</u> | <u>7,069,137</u> |
| Total liabilities and net assets | <u>\$ 6,588,960</u> | <u>\$ 7,276,420</u> |

See accompanying notes to financial statements.

**EL BUEN SAMARITANO EPISCOPAL MISSION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | 2014 | | 2013 | |
|---------------------------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> |
| REVENUES AND OTHER SUPPORT | | | | |
| Revenues | | | | |
| Contributions and grants | \$ 2,174,211 | \$ 1,904,043 | \$ 4,078,254 | \$ 4,306,507 |
| Service fees | 883,550 | - | 883,550 | 956,405 |
| Investment income | 143,558 | - | 143,558 | 327,633 |
| Other income | 5,444 | - | 5,444 | 265 |
| Net assets released from restrictions | | | | |
| Satisfaction of program restrictions | <u>1,882,631</u> | <u>(1,882,631)</u> | <u>1,819,568</u> | <u>(1,819,568)</u> |
| Total revenues and other support | <u>5,089,394</u> | <u>21,412</u> | <u>5,110,806</u> | <u>5,590,810</u> |
| EXPENSES | | | | |
| Program services | | | | |
| Health & human Services | 4,344,437 | - | 4,344,437 | 3,690,081 |
| Education | 935,097 | - | 935,097 | 1,337,279 |
| Total program services | <u>5,279,534</u> | <u>-</u> | <u>5,279,534</u> | <u>5,027,360</u> |
| Supporting services | | | | |
| Development | 66,307 | - | 66,307 | 247,930 |
| General and administrative | 398,142 | - | 398,142 | 329,470 |
| Total supporting services | <u>464,449</u> | <u>-</u> | <u>464,449</u> | <u>577,400</u> |
| Total expenses | <u>5,743,983</u> | <u>-</u> | <u>5,743,983</u> | <u>5,604,760</u> |
| Change in net assets | <u>(654,589)</u> | <u>21,412</u> | <u>(633,177)</u> | <u>(135,695)</u> |
| Net assets beginning of year | <u>6,157,561</u> | <u>911,576</u> | <u>7,069,137</u> | <u>1,047,271</u> |
| Net assets end of year | <u>\$ 5,502,972</u> | <u>\$ 932,988</u> | <u>\$ 6,435,960</u> | <u>\$ 911,576</u> |
| | | | <u>\$ 6,157,561</u> | <u>\$ 7,069,137</u> |

See accompanying notes to financial statements

**EL BUEN SAMARITANO EPISCOPAL MISSION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (633,177) | \$ (13,950) |
| Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities: | | |
| Depreciation | 257,048 | 262,232 |
| Realized and unrealized (gains) losses on investments | (147,812) | (296,764) |
| Loss (gain) on disposition of assets | - | - |
| (Increase) decrease in operating assets: | | |
| Grants receivable | 51,476 | (59,187) |
| Other receivables | (13,170) | (17,642) |
| Deposits and prepaid expenses | 57,065 | (53,319) |
| Increase (decrease) in operating liabilities: | | |
| Accrued liabilities | <u>(54,283)</u> | <u>26,318</u> |
| Net cash provided by (used by) operating activities | <u>(482,853)</u> | <u>(152,312)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sales (purchases) of investments, net | 409,690 | (94,319) |
| Purchase of property and equipment, net | <u>(60,665)</u> | <u>(53,768)</u> |
| Net cash provided by (used by) investing activities | <u>349,025</u> | <u>(148,087)</u> |
| Net increase (decrease) in cash and cash equivalents | (133,828) | (300,399) |
| Cash and cash equivalents beginning of year | <u>705,648</u> | <u>1,006,047</u> |
| Cash and cash equivalents end of year | <u>\$ 571,820</u> | <u>\$ 705,648</u> |

See accompanying notes to financial statements.

**EL BUEN SAMARITANO EPISCOPAL MISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

El Buen Samaritano Episcopal Mission (El Buen) is a nonprofit organization established in 1987 under the Nonprofit Corporation Act of the State of Texas. The mission of El Buen is to "help Latino and other families in Central Texas lead healthy, productive and secure lives through high-quality and affordable health-care, education and economic-stability services". El Buen provides integrated health care, emergency food, advocacy, leadership, development, and basic education. The organization currently occupies a three-building campus in south Austin completed in 2003.

El Buen's activities are supported primarily by contributions and grants, and the organization is governed by a Board of Directors.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

In accordance with the Presentation of Financial Statements topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, El Buen 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. The classification of net assets depends on the presence or absence of donor-imposed restrictions. Organizations may have certain contractual or other limitations placed on the use of net assets other than those resulting from donor-imposed restrictions; however, because such limitations or restrictions do not relate to donor stipulations, the net assets are unrestricted. El Buen has no permanently restricted net assets.

Contributions

El Buen reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Contributions of services are recognized when they are received if the services create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not donated. For the years ended September 30, 2014 and 2013, the value of contributed and services recognized as contributions revenue is \$187,390 and \$156,896, respectively, and includes lab and medical services provided for the clinic, educational services provided by qualified instructors, and food pantry goods.

**EL BUEN SAMARITANO EPISCOPAL MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE A – Continued

Numerous volunteers have donated significant amounts of time to El Buen's activities including food pantry, administrative and events, community gardens, board members and healthy living. Those donated services have not been reflected in the accompanying financial statements because they did not meet the criteria for recognition. El Buen's management estimates that the fair value of donated services received but not recognized as revenue was \$58,781 for the year ended September 30, 2014.

Cash and Cash Equivalents

For purposes of the statements of cash flows, El Buen considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants and Accounts Receivable

Grants receivable are stated at unpaid balances, all of which are considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Accounts receivable at September 30, 2014 and 2013 consist of uncollected clinic fees of \$102,780 and \$89,610, respectively and are stated at unpaid balances net of allowance for doubtful accounts. El Buen's estimate is based on historical collection experience and a review of the current status of accounts receivable. The allowance at September 30, 2014 and 2013 is \$0.

Investments

El Buen reports investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets.

The Fair Value Measurements topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or

**EL BUEN SAMARITANO EPISCOPAL MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE A – Continued

other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Property and Equipment

Property and equipment acquisitions of \$1,000 or more are recorded at cost if purchased or fair value if donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|--------------------------------|----------------|
| Buildings and improvements | 15 to 30 years |
| Office furniture and equipment | 5 years |
| Vehicles | 5 years |

Depreciation expense was \$257,048 and \$262,233 for years ended September 30, 2014 and 2013, respectively.

Compensated Absences

Ei Buen accrues accumulated unpaid vacation leave when earned by the employee. The liability for accrued leave at September 30, 2014 and 2013 is \$44,367 and \$50,744, respectively, and is included in accrued liabilities in the statements of financial position.

Expense Allocation

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities and schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Ei Buen.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**EL BUEN SAMARITANO EPISCOPAL MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE A – Continued

Income Tax Status

El Buen is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and is not considered a private foundation. However, any income from certain activities not directly related to El Buen's tax-exempt purpose may be subject to taxation as unrelated business income. Currently, El Buen has no obligation for any unrelated business income tax.

Subsequent Events

Subsequent events have been evaluated through May 11, 2015, which is the date the financial statements were available to be issued.

NOTE B – INVESTMENTS

Investments are classified as Level 1 investments (See Note A), stated at fair value and consist of the following at September 30:

| | <u>2014</u> | <u>2013</u> |
|--------------------------|---------------------|---------------------|
| Equities – domestic | \$ 1,377,529 | \$ 1,619,130 |
| Equities – international | 293,945 | 290,356 |
| Debt securities | 408,243 | 417,983 |
| | <u>\$ 2,079,717</u> | <u>\$ 2,327,469</u> |

These investments are held by a brokerage firm and insured by the Securities Investor Protection Corporation (SIPC) for up to \$500,000. Additional insurance protection for securities is maintained by the brokerage firm for up to the net equity securities balance. This coverage does not protect against market risks and fluctuations associated with normal market investments.

Investment income from cash and equivalents and investments consists of the following:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|-------------------|-------------------|
| Interest and dividends | \$ 39,503 | \$ 44,540 |
| Net realized gains (losses) | 153,836 | 203,136 |
| Net unrealized gains (losses) | (33,024) | 93,679 |
| Investment fees | (16,757) | (13,722) |
| | <u>\$ 143,558</u> | <u>\$ 327,633</u> |

**EL BUEN SAMARITANO EPISCOPAL MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|---------------------|---------------------|
| Land | \$ 520,702 | \$ 520,702 |
| Buildings and improvements | 4,645,834 | 4,635,034 |
| Furniture and equipment | 1,036,549 | 1,001,437 |
| Vehicles | 82,614 | 82,614 |
| Less accumulated depreciation | <u>(2,594,494)</u> | <u>(2,338,073)</u> |
| Property and equipment, net | <u>\$ 3,691,205</u> | <u>\$ 3,901,714</u> |

NOTE D – NET ASSETS

During the year ended September 30, 2005, the Board of Directors designated a portion of unrestricted net assets as the basis for a future endowment fund for El Buen. As of September 30, 2014 and 2013, the balance of this designated fund is \$2,434,470 and \$2,327,469, respectively. For the year ended September 30, 2014 and 2013, the Board of Directors designated a portion of unrestricted net assets for campus repairs in the amount of \$191,964. In addition, during the year ended September 30, 2012, the Board of Directors designated \$440,000 of unrestricted net assets for programs. For the years ended September 30, 2014 and 2013, Board designated funds totaled \$2,641,434 and \$2,951,901, respectively.

Temporarily restricted net assets consist of the following purpose-restricted amounts as of September 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|--------------------------|-------------------|-------------------|
| Health services programs | \$ 536,106 | \$ 368,316 |
| Capital campaign | 217,000 | 217,000 |
| Education programs | 128,900 | 182,308 |
| Administration | - | 5,625 |
| Human Services | 50,982 | 57,702 |
| Operations | - | 80,625 |
| | <u>\$ 932,988</u> | <u>\$ 911,576</u> |

NOTE E – CONCENTRATION OF CREDIT RISK

El Buen maintains its operating cash in bank accounts which may at times exceed the federally insured limit of \$250,000 guaranteed by the Federal Deposit Insurance Corporation (FDIC). The organization has not experienced any losses in these accounts.

**EL BUEN SAMARITANO EPISCOPAL MISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE F – RETIREMENT PLAN

El Buen participates in a multi-employer defined contribution plan through the Episcopal Church Pension Fund. Prior to January 1, 2013, to be eligible for the plan, an employee must work twelve months, be over 21 years of age, and have worked 1,000 hours per calendar year. After January 1, 2013, the age requirement and waiting period were lifted. Funds are 100% vested immediately. For the years ended September 30, 2014 and 2013, employer contributions charged to expense amounted to \$162,396 and \$166,330, respectively, based upon El Buen's contribution of 5% of eligible compensation for all employees and a match of 100% of employee contributions up to a maximum of 4% of eligible compensation.

NOTE G - COMMITMENTS AND CONTINGENCIES

Commitments – leases: El Buen leases office equipment which includes computers, copy machines and postage meters under non-cancelable lease agreements that for accounting purposes are treated as operating leases. The future obligations on operating leases are not recorded in the financial statements.

Future minimum obligations under operating leases at September 31, 2014 are as follows:

| <u>Year Ending September 31,</u> | <u>Amount</u> |
|-------------------------------------|-------------------------|
| 2015 | 48,140 |
| 2016 | 32,249 |
| Total Minimum Lease Payments | <u>\$ 80,389</u> |

Lease expense recorded under operating leases for the year ended September 30, 2014 was \$34,819.

SUPPLEMENTARY INFORMATION

**EL BUEN SAMARITANO EPISCOPAL MISSION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014, WITH COMPARATIVE TOTALS FOR 2013**

| | Program Services | | Supporting Services | | Totals | |
|----------------------------------|-------------------------|--------------|---------------------|----------------------------|--------------|--------------|
| | Health & Human Services | Education | Development | General and Administrative | 2014 | 2013 |
| Salaries and benefits | \$ 2,528,853 | \$ 609,378 | \$ 36,872 | \$ 63,614 | \$ 3,238,717 | \$ 3,019,214 |
| Professional fees and services | 595,636 | 33,030 | 15,908 | 56,711 | 701,285 | 812,230 |
| Medical supplies and expenses | 657,576 | 128 | - | 20 | 657,724 | 588,243 |
| Program supplies and materials | 22,428 | 29,691 | 4,185 | 9,660 | 65,964 | 139,910 |
| Direct client assistance | 10,038 | - | - | - | 10,038 | 13,781 |
| Printing and publications | 6,294 | 5,918 | - | 6,186 | 18,398 | 14,249 |
| Transportation and travel | 11,917 | 4,252 | - | 8,733 | 24,902 | 26,562 |
| Professional development | 6,406 | 2,884 | - | 15,524 | 24,814 | 58,946 |
| Dues and subscriptions | 4,090 | 201 | - | 5,253 | 9,544 | 9,578 |
| Equipment rental and maintenance | 55,900 | 22,081 | - | 52,467 | 130,448 | 96,404 |
| Communications | 19,341 | 15,673 | 9,342 | 18,253 | 62,609 | 60,346 |
| Office supplies and expenses | 15,815 | 2,516 | - | 13,856 | 32,187 | 38,635 |
| Postage and shipping | 494 | 31 | - | 2,507 | 3,032 | 4,226 |
| Facilities | 163,888 | 42,276 | - | 54,648 | 260,812 | 250,402 |
| Special events | 1,496 | 2,349 | - | 24,556 | 28,401 | 53,653 |
| Depreciation | 190,335 | 38,067 | - | 28,646 | 257,048 | 262,233 |
| Other | 12,742 | 1,699 | - | 16,228 | 30,669 | 15,221 |
| In-kind expenses | 41,188 | 124,923 | - | 21,280 | 187,391 | 140,927 |
| Total expenses, year ended | | | | | | |
| September 30, 2014 | \$ 4,344,437 | \$ 935,097 | \$ 66,307 | \$ 398,142 | \$ 5,743,983 | |
| Total expenses, year ended | | | | | | |
| September 30, 2013 | \$ 3,690,081 | \$ 1,337,279 | \$ 247,930 | \$ 329,470 | | \$ 5,604,760 |