

**EL BUEN SAMARITANO
EPISCOPAL MISSION**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

**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 statements of financial position of El Buen Samaritano Episcopal Mission (a nonprofit organization) as of September 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses 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 20, 2013

**EL BUEN SAMARITANO EPISCOPAL MISSION
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 1,006,047	\$ 431,005
Grants receivable	116,786	150,607
Accounts receivable, net	71,968	79,132
Deposits and prepaid expenses	22,687	3,091
Investments	1,972,813	1,692,827
Property and equipment, net	<u>4,110,178</u>	<u>4,130,421</u>
Total assets	<u>\$ 7,300,479</u>	<u>\$ 6,487,083</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 180,965</u>	<u>\$ 123,533</u>
Total liabilities	<u>180,965</u>	<u>123,533</u>
 NET ASSETS		
Unrestricted:		
Board designated	2,555,245	1,875,035
Undesignated	<u>3,516,998</u>	<u>3,683,411</u>
Total unrestricted net assets	6,072,243	5,558,446
Temporarily restricted	<u>1,047,271</u>	<u>805,104</u>
Total net assets	<u>7,119,514</u>	<u>6,363,550</u>
Total liabilities and net assets	<u>\$ 7,300,479</u>	<u>\$ 6,487,083</u>

See accompanying notes to financial statements.

EL BUEN SAMARITANO EPISCOPAL MISSION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012			2011		
	<u>Unrestricted</u>	Temporarily		<u>Unrestricted</u>	Temporarily	
		<u>Restricted</u>	<u>Total</u>		<u>Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT						
Revenues						
Contributions and grants	\$ 2,522,363	\$ 2,081,463	\$ 4,603,826	\$ 2,317,385	\$ 1,689,939	\$ 4,007,324
Service fees	834,224	-	834,224	516,974	-	516,974
Investment income	297,614	-	297,614	(42,256)	-	(42,256)
Other income	1,135	-	1,135	210	-	210
Net assets released from restrictions						
Satisfaction of program restrictions	1,839,296	(1,839,296)	-	1,566,454	(1,566,454)	-
Total revenues and other support	<u>5,494,632</u>	<u>242,167</u>	<u>5,736,799</u>	<u>4,358,767</u>	<u>123,485</u>	<u>4,482,252</u>
EXPENSES						
Program services						
Health & human services	3,189,876	-	3,189,876	3,059,135	-	3,059,135
Education	1,256,628	-	1,256,628	1,264,441	-	1,264,441
Total program services	<u>4,446,504</u>	<u>-</u>	<u>4,446,504</u>	<u>4,323,576</u>	<u>-</u>	<u>4,323,576</u>
Supporting services						
Development	269,586	-	269,586	123,976	-	123,976
General and administrative	264,745	-	264,745	149,527	-	149,527
Total supporting services	<u>534,331</u>	<u>-</u>	<u>534,331</u>	<u>273,503</u>	<u>-</u>	<u>273,503</u>
Total expenses	<u>4,980,835</u>	<u>-</u>	<u>4,980,835</u>	<u>4,597,079</u>	<u>-</u>	<u>4,597,079</u>
Change in net assets	513,797	242,167	755,964	(238,312)	123,485	(114,827)
Net assets beginning of year	5,558,446	805,104	6,363,550	5,796,758	681,619	6,478,377
Net assets end of year	<u>\$ 6,072,243</u>	<u>\$ 1,047,271</u>	<u>\$ 7,119,514</u>	<u>\$ 5,558,446</u>	<u>\$ 805,104</u>	<u>\$ 6,363,550</u>

See accompanying notes to financial statements

**EL BUEN SAMARITANO EPISCOPAL MISSION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 755,964	\$ (114,827)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	240,894	211,722
Realized and unrealized (gains) losses on investments	(255,560)	80,677
Loss (gain) on disposition of assets	6,317	-
(Increase) decrease in operating assets:		
Grants receivable	33,819	(37,149)
Other receivables	7,165	43,104
Deposits and prepaid expenses	(19,596)	-
Increase (decrease) in operating liabilities:		
Accrued liabilities	57,432	(89,567)
	<u>826,435</u>	<u>93,960</u>
Net cash provided by (used by) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales (purchases) of investments, net	(24,424)	(65,219)
Purchase of property and equipment, net	(226,969)	(98,229)
	<u>(251,393)</u>	<u>(163,448)</u>
Net cash provided by (used by) investing activities		
Net increase (decrease) in cash and cash equivalents	575,042	(69,488)
Cash and cash equivalents beginning of year	<u>431,005</u>	<u>500,493</u>
Cash and cash equivalents end of year	<u>\$ 1,006,047</u>	<u>\$ 431,005</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, 2012 and 2011, the value of contributed services recognized as contributions revenue is \$263,225 and \$544,177, respectively, and includes lab and medical services provided for the clinic, educational services provided by qualified instructors, and food pantry goods. In addition, many individuals volunteer their time and

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

NOTE A - Continued

perform a variety of tasks that assist El Buen for which no value has been assigned since they do not meet the criteria for recognition.

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, 2012 and 2011 consist of uncollected clinic fees of \$71,968 and \$79,207, 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, 2012 and 2011 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 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

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

NOTE A – Continued

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 \$240,894 and \$211,722 for years ended September 30, 2012 and 2011, respectively.

Compensated Absences

El Buen accrues accumulated unpaid vacation leave when earned by the employee. The liability for accrued leave at September 30, 2012 and 2011 is \$38,925 and \$46,479, 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 El 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.

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.

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

NOTE A – Continued

Subsequent Events

Subsequent events have been evaluated through May 20, 2013, 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>2012</u>	<u>2011</u>
Equities – domestic	\$ 1,013,099	\$ 812,276
Equities – international	534,236	393,332
Debt securities	425,478	487,219
	<u>\$ 1,972,813</u>	<u>\$ 1,692,827</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>2012</u>	<u>2011</u>
Interest and dividends	\$ 60,257	\$ 56,601
Net realized gains (losses)	(6,869)	83,896
Net unrealized gains (losses)	262,429	(164,573)
Investment fees	(18,203)	(18,180)
	<u>\$ 297,614</u>	<u>\$ (42,256)</u>

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Land	\$ 520,702	\$ 520,702
Buildings and improvements	4,594,813	4,580,346
Furniture and equipment	994,433	818,721
Vehicles	82,614	82,614
Less accumulated depreciation	(2,082,384)	(1,871,962)
Property and equipment, net	<u>\$ 4,110,178</u>	<u>\$ 4,130,421</u>

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

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, 2012 and 2011, the balance of this designated fund is \$1,972,813 and \$1,692,827, respectively. For the year ended September 30, 2012 and 2011, the Board of Directors designated a portion of unrestricted net assets for campus repairs in the amount of \$142,432 and \$182,208 respectively. In addition, during the year ended September 30, 2012, the Board of Directors designated \$440,000 of unrestricted net assets for programs.

Temporarily restricted net assets consist of the following purpose-restricted amounts as of September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Health services programs	\$ 533,361	\$ 274,837
Capital campaign	217,000	217,000
Education programs	156,907	189,902
Administration	0	50,000
Human Services	53,113	57,844
Operations	86,890	15,521
	<u>\$ 1,047,271</u>	<u>\$ 805,104</u>

NOTE E – RETIREMENT PLAN

El Buen participates in a multi-employer defined contribution plan through the Episcopal Church Pension Fund. 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. Funds are 100% vested immediately. For the years ended September 30, 2012 and 2011, employer contributions charged to expense amounted to \$99,356 and \$73,991, 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 F – 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.

SUPPLEMENTARY INFORMATION

EL BUEN SAMARITANO EPISCOPAL MISSION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012, WITH COMPARATIVE TOTALS FOR 2011

	Program Services		Supporting Services			Totals	
	Health & Human Services	Education	Development	General and Administrative	2012	2011	
Salaries and benefits	\$ 1,777,954	\$ 800,784	\$ 71,892	\$ 79,066	\$ 2,729,696	\$ 2,302,888	
Professional fees and services	584,735	94,773	47,312	23,211	750,031	760,125	
Medical supplies and expenses	221,523	480	6	-	222,009	121,395	
Program supplies and materials	27,100	77,840	821	9,384	115,145	134,863	
Direct client assistance	12,096	-	-	-	12,096	11,723	
Printing and publications	6,421	2,932	10,554	3,215	23,122	40,028	
Transportation and travel	4,612	5,735	2,393	4,095	16,835	26,153	
Professional development	8,215	1,940	1,366	36,738	48,259	38,495	
Dues and subscriptions	4,889	675	2,391	3,210	11,165	12,943	
Equipment rental and maintenance	65,781	20,239	12,847	3,603	102,470	41,622	
Communications	27,158	17,229	4,712	-	49,099	42,980	
Office supplies and expenses	19,513	3,836	1,301	12,537	37,187	31,482	
Postage and shipping	2,235	622	1,507	734	5,098	4,691	
Facilities	147,301	49,943	38,347	-	235,591	237,767	
Special events	35,743	8,779	36,344	5,478	86,344	19,682	
Depreciation	140,700	48,300	-	51,894	240,894	211,722	
Other	2,987	950	4,137	24,495	32,569	21,847	
In-kind expenses	100,913	121,571	33,656	7,085	263,225	536,673	
Total expenses, year ended							
September 30, 2012	\$ 3,189,876	\$ 1,256,628	\$ 269,586	\$ 264,745	\$ 4,980,835		
Total expenses, year ended							
September 30, 2011	\$ 3,059,135	1,264,441	\$ 123,976	\$ 149,527		\$ 4,597,079	