

**Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic**

**Financial Statements Together
With Auditor's Report**

December 31, 2012 and 2011

Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic
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December 31, 2012 and 2011

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Celebrating 20 Years!

Independent Auditor's Report

The Finance Committee of
Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic
Tyler, Texas

We have audited the accompanying financial statements of Tyler Faith Based Health Clinic, Inc., dba Bethesda Health Clinic (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, 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 from 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 Tyler Faith Based Health Clinic, Inc., dba Bethesda Health Clinic as of December 31, 2012 and 2011, 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.

PROTHRO, WILHELMI AND COMPANY, PLLC

Tyler, Texas
August 23, 2013

PROTHRO, WILHELMI AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

FINANCIAL STATEMENTS

TYLER FAITH BASED HEALTH CLINIC, INC.
dba BETHESDA HEALTH CLINIC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 626,733	\$ 593,619
Contributions and grants receivable	-	2,400
Investments - designated for future use	303,422	303,828
Prepaid insurance	19,684	18,298
Property, furniture and equipment, net of accumulated depreciation	766,972	664,739
Interest in Bethesda Foundation	958,034	846,132
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 2,674,845</u></u>	<u><u>\$ 2,429,016</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 40,593	\$ 15,313
Payroll liabilities	9,152	120
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>49,745</u>	<u>15,433</u>
 NET ASSETS		
Unrestricted net assets:		
Operating	543,863	554,416
Invested in property, furniture and equipment	766,972	664,740
Board designated	1,297,066	1,160,500
Total unrestricted net assets	<u>2,607,901</u>	<u>2,379,656</u>
Temporarily restricted net assets	17,199	33,927
	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>2,625,100</u>	<u>2,413,583</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,674,845</u></u>	<u><u>\$ 2,429,016</u></u>

TYLER FAITH BASED HEALTH CLINIC, INC.
dba BETHESDA HEALTH CLINIC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Contributions	\$ 539,765	\$ -	\$ 539,765
Grants	81,674	139,850	221,524
Donated medical professional services	1,443,041	-	1,443,041
Donated rent	104,000	-	104,000
In-kind donations	44,338	-	44,338
Other special events, net of related expenses of \$75,705	160,597	-	160,597
Patient fees	408,829	-	408,829
Earnings on investments	3,321	-	3,321
Loss on sale of equipment	(2,859)	-	(2,859)
Other income	10,557	-	10,557
	<u>2,793,263</u>	<u>139,850</u>	<u>2,933,113</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>156,578</u>	<u>(156,578)</u>	<u>-</u>
Total revenues and net assets released from restrictions	<u>2,949,841</u>	<u>(16,728)</u>	<u>2,933,113</u>
EXPENSES			
Patient care	2,539,369	-	2,539,369
General and administrative	167,920	-	167,920
Fundraising	126,209	-	126,209
	<u>2,833,498</u>	<u>-</u>	<u>2,833,498</u>
Net increase (decrease) before change in interest in Bethesda Foundation	116,343	(16,728)	99,615
Change in interest in Bethesda Foundation	<u>111,902</u>	<u>-</u>	<u>111,902</u>
Change in net assets	228,245	(16,728)	211,517
NET ASSETS			
Balance, beginning of year	<u>2,379,656</u>	<u>33,927</u>	<u>2,413,583</u>
Balance, end of year	<u>\$ 2,607,901</u>	<u>\$ 17,199</u>	<u>\$ 2,625,100</u>

TYLER FAITH BASED HEALTH CLINIC, INC.
dba BETHESDA HEALTH CLINIC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Contributions	\$ 618,048	\$ -	\$ 618,048
Grants	190,511	73,550	264,061
Donated medical professional services	1,398,882	-	1,398,882
Donated rent	104,000	-	104,000
In-kind donations	17,288	-	17,288
Other special events, net of related expenses of \$53,485	123,386	-	123,386
Patient fees	359,004	-	359,004
Earnings on investments	6,807	-	6,807
Loss on sale of equipment	(492)	-	(492)
Other income	5,178	-	5,178
	<u>2,822,612</u>	<u>73,550</u>	<u>2,896,162</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	48,966	(48,966)	-
	<u>48,966</u>	<u>(48,966)</u>	<u>-</u>
Total revenues and net assets released from restrictions			
	<u>2,871,578</u>	<u>24,584</u>	<u>2,896,162</u>
EXPENSES			
Patient care	2,369,394	-	2,369,394
General and administrative	176,975	-	176,975
Fundraising	126,490	-	126,490
	<u>2,672,859</u>	<u>-</u>	<u>2,672,859</u>
Net increase before change in interest in Bethesda Foundation			
	198,719	24,584	223,303
Change in interest in Bethesda Foundation	20,549	-	20,549
	<u>20,549</u>	<u>-</u>	<u>20,549</u>
Change in net assets	219,268	24,584	243,852
NET ASSETS			
Balance, beginning of year	2,160,388	9,343	2,169,731
	<u>2,160,388</u>	<u>9,343</u>	<u>2,169,731</u>
Balance, end of year	<u>\$ 2,379,656</u>	<u>\$ 33,927</u>	<u>\$ 2,413,583</u>

TYLER FAITH BASED HEALTH CLINIC, INC.
dba BETHESDA HEALTH CLINIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012

	PROGRAM	SUPPORT SERVICES		Total
	SERVICE	General and	Fund	
	Patient Care	Administrative	Raising	
Advertising	\$ -	\$ -	\$ 20,255	\$ 20,255
Awards and gifts	-	2,362	-	2,362
Bank charges	-	5,740	-	5,740
Bethesda alliance expense	4,835	-	853	5,688
Community/committee lunches	1,967	3,278	1,311	6,556
Computer repairs and maintenance	3,722	2,481	-	6,203
Conferences, meetings and travel	-	4,716	-	4,716
Continuing education and dues	3,397	-	-	3,397
Dental professional service	120,755	-	-	120,755
Dental supplies	34,193	-	-	34,193
Depreciation	46,426	4,085	557	51,068
Diabetic/chronic disease program	4,915	-	-	4,915
Donated rent	94,545	8,320	1,135	104,000
Dues and subscriptions	2,836	-	-	2,836
Employee medical	-	-	-	-
Exercise -- Cancer for Life	600	-	-	600
Flu shot program	15,063	-	-	15,063
Health insurance	37,144	8,770	5,675	51,589
HR expenses	-	349	-	349
Insurance malpractice	27,120	-	-	27,120
Laboratory	60,232	-	-	60,232
Liability insurance	4,709	414	57	5,180
Licenses and permits	-	2,875	-	2,875
Madres program	225	-	-	225
Maintenance and repairs equipment	6,988	-	-	6,988
Medical professional services	310,137	-	-	310,137
Medical supplies	28,356	-	-	28,356
Miscellaneous	-	193	-	193
Off-site medical services	1,012,148	-	-	1,012,148
Office	14,998	1,765	882	17,645
PATH support	15,000	-	-	15,000
Payroll taxes	37,890	8,946	5,789	52,625
Postage	2,256	-	5,265	7,521
Printing	2,000	667	3,999	6,666
Professional audit and tax	-	15,800	-	15,800
Professional consulting	-	4,854	-	4,854
Professional fees dental	57,704	-	-	57,704
Professional fees medical/physician	9,068	-	-	9,068
Repairs and maintenance building	16,597	5,532	-	22,129
Salaries	533,737	82,492	80,150	696,379
Telephone	4,974	438	59	5,471
Training SAGE	-	2,210	-	2,210
Utilities	18,555	1,633	222	20,410
Volunteer program	1,993	-	-	1,993
X-ray	4,284	-	-	4,284
Total expenses	\$ 2,539,369	\$ 167,920	\$ 126,209	\$ 2,833,498

See accompanying notes to financial statements.

TYLER FAITH BASED HEALTH CLINIC, INC.
dba BETHESDA HEALTH CLINIC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011

	PROGRAM SERVICE		SUPPORT SERVICES		Total
	Patient Care	Administrative	Fund		
			General and	Raising	
Advertising	\$ -	\$ -	\$ 22,726		\$ 22,726
Alliance bank fees	20	-	3		23
Alliance printing	771	-	136		907
Alliance office expense	269	-	47		316
Awards and gifts	-	1,677	-		1,677
Bank charges	-	6,036	-		6,036
Community/committee lunches	-	2,358	2,358		4,716
Computer repairs and maintenance	-	10,736	-		10,736
Conferences, meetings and travel	-	2,763	-		2,763
Continuing education and dues	1,658	-	-		1,658
Dental professional service	32,626	-	-		32,626
Dental supplies	27,088	-	-		27,088
Depreciation	39,474	3,474	474		43,422
Diabetic/chronic disease program	3,833	-	-		3,833
Donated rent	94,545	8,320	1,135		104,000
Dues and subscriptions	4,021	-	-		4,021
Employee medical	1,288	304	197		1,789
Exercise -- Cancer for Life	6,811	-	-		6,811
Flu shot program	16,159	-	-		16,159
Health insurance	31,491	7,435	4,811		43,737
HR expenses	-	1,109	-		1,109
Insurance malpractice	26,198	-	-		26,198
Laboratory	61,938	-	-		61,938
Liability insurance	6,135	540	73		6,748
Licenses and permits	-	748	-		748
Madres program	10,749	-	-		10,749
Maintenance and repairs equipment	6,001	-	-		6,001
Medical professional services	282,790	-	-		282,790
Medical supplies	8,233	-	-		8,233
Miscellaneous	-	148	-		148
Office	11,714	1,378	689		13,781
Off-site medical supplies	1,083,466	-	-		1,083,466
PATH support	15,000	-	-		15,000
Payroll taxes	33,481	7,905	5,115		46,501
Postage	1,771	-	4,131		5,902
Printing	-	-	7,070		7,070
Professional audit and tax	-	14,300	-		14,300
Professional consulting	-	885	-		885
Professional fees dental	45,264	-	-		45,264
Professional fees medical/physician	1,235	-	-		1,235
Repairs and maintenance building	15,480	5,160	-		20,640
Retirement plan	-	431	-		431
Salaries	469,966	96,568	77,255		643,789
Telephone	4,045	355	49		4,449
Training SAGE	-	2,725	-		2,725
Utilities	18,410	1,620	221		20,251
Volunteer program	3,077	-	-		3,077
X-ray	4,387	-	-		4,387
Total expenses	\$ 2,369,394	\$ 176,975	\$ 126,490		\$ 2,672,859

TYLER FAITH BASED HEALTH CLINIC, INC.
dba BETHESDA HEALTH CLINIC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 211,517	\$ 243,852
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	51,068	43,422
Loss on disposal of equipment	2,859	492
(Increase) decrease in assets:		
Contributions and grants receivable	2,400	5,600
Prepaid expenses	(1,386)	5,052
Earnings on certificates of deposit	(1,123)	(4,580)
Earnings on investment in Foundation	(111,902)	(20,549)
Increase in liabilities:		
Accounts payable	25,280	1,527
Payroll liabilities	9,031	37
	(23,773)	31,001
Total adjustments		
Net cash provided by operating activities	187,744	274,853
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from closing of certificate of deposit	76,530	75,753
Purchase of certificate of deposit	(75,000)	(75,000)
Purchases of property, furniture and equipment	(156,160)	(42,302)
	(154,630)	(41,549)
Net cash used in investing activities		
Net increase in cash and cash equivalents	33,114	233,304
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	593,619	360,315
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 626,733	\$ 593,619

NOTES TO FINANCIAL STATEMENTS

Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The mission of the Tyler Faith Based Health Clinic, Inc., dba Bethesda Health Clinic (Clinic) is to be a Christ-centered ministry that provides affordable, high quality health care for the working uninsured. The Clinic receives most of its support from patient fees and contributions.

Income Taxes

The Clinic is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, contributions to the Clinic are tax deductible by the donor to the extent allowed by tax laws and regulations.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

Financial Statement Presentation

Under generally accepted accounting principles, the Clinic is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, net assets of the Clinic and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets utilized to account for support and revenue that are absent of donor-imposed restrictions.
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met either by the Clinic and/or passage of time.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations that they be maintained permanently by the Clinic. Generally, the donors of these assets permit the Clinic to use all of the income earned on related investments for general or specific purposes.

Support and Revenues

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase their respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Clinic had no permanently restricted net assets as of December 31, 2012.

Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

Contributions and Grants Receivable

The Clinic considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Investments

The Clinic carries their investments in multiple certificate of deposit accounts. These investments have a readily determinable fair value. The carrying amount of investments at December 31, 2012 and 2011 was \$303,422 and \$303,828, respectively. The Board of Directors (Board) has designated the Clinic's investments for future use.

Property, Furniture and Equipment

Acquisitions of property, furniture and equipment over \$1,000 are capitalized. Property, furniture and equipment are recorded at cost if purchased and gifts or contributions of property and equipment are recorded at the assets' fair market value at the date of donation. Depreciation is calculated using the straight-line method based on expected useful lives ranging from three to thirty-nine years.

Donated Materials, Services and Facilities

Professional licensed health care providers volunteer their services to the clinic. These services are recognized as donated professional services revenue on the Statement of Activities. Donated professional service revenues are recorded at the fair market value of the service provided with a corresponding expense in the same amount. The value of donated services on the financial statements and the corresponding expenses for the year ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Donated professional services	\$ 430,893	\$ 315,416
Donated off-site medical services	1,012,148	1,083,466
Total donated medical professional services	<u>\$1,443,041</u>	<u>\$1,398,882</u>

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Clinic with program services and fundraising activities. No amounts have been reflected in the financial statements for these donated services since the volunteer's time does not meet the criteria for recognition.

Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Materials, Services and Facilities – Continued

The Clinic receives donated office and medical equipment and supplies from local hospitals, clinics and other organizations. Donated equipment over \$1,000, which is put into service by the Clinic, is capitalized at the fair market value of the equipment on the date of the gift. Donated equipment and supplies under \$1,000 are recognized as in-kind revenue in the Statement of Activities with a corresponding expense in the same amount.

The Clinic occupies a building owned by First Baptist Church of Tyler under a lease agreement for \$1 per year for ten years with a renewal option. The landlord has estimated the approximate fair value of the annual rental to be \$104,000 for 2012 and 2011, respectively. This amount is included in the Statements of Activities and Statements of Functional Expenses as donated rent and rent expense.

Advertising Costs

All advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2012 and 2011, totaled \$20,255 and \$22,726, respectively.

Functional Expenses

The costs of providing the patient care program and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Interest in Bethesda Foundation

Interest in the Bethesda Foundation includes investments in securities which are valued at current fair value based upon quoted market prices. Other assets, net of liabilities, are valued at cost. Changes in the interest in Bethesda Foundation are included in the Statements of Activities and Statements of Functional Expenses, as applicable.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation.

Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 2 – INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of four certificates of deposits (CDs) with maturities dated 12 months or less. The account detail of the short-term CDs is as follows:

	Value as of 12/31/12
12 month CD with Bancorp South, 0.30%, matures on 02/02/13	\$ 76,094
12 month CD with Midsouth Bank, 0.20%, matures on 07/16/13	75,893
12 month CD with Texas Bank & Trust, 0.65%, matures on 08/10/13	75,123
12 month CD with American State Bank, 0.40%, matures on 11/09/13	76,312
	\$ 303,422

Interest earned on CDs for the years ended December 31, 2012 and 2011, were \$1,123 and \$4,580, respectively.

NOTE 3 – PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consist of the following at December 31, 2012 and 2011:

	2012	2011
Equipment	\$ 453,189	\$ 442,674
Leasehold improvements	822,226	762,338
Total property, furniture and equipment	1,275,415	1,205,012
Less: Accumulated depreciation	(508,443)	(540,273)
Total property, furniture and equipment, net	\$ 766,972	\$ 664,739

Depreciation expense for the year ending December 31, 2012 and 2011 was \$51,068 and \$43,422, respectively.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2012 and 2011, temporarily restricted net assets are available for the following purposes:

	2012	2011
Program director	\$ 12,350	\$ 12,500
Dental clinic expansion	-	21,427
Surgical stretchers	3,500	-
Sleep apnea	1,349	-
Total temporarily restricted net assets	\$ 17,199	\$ 33,927

Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 5 – DESIGNATION OF NET ASSETS

The Clinic’s Board designated the following unrestricted net assets at December 31, 2012 and 2011:

	2012	2011
Bethesda Foundation	\$ 958,033	\$ 846,132
Maintenance reserve	10,000	10,000
Operating reserve	329,033	304,368
Total unrestricted - designated net assets	\$1,297,066	\$1,160,500

NOTE 6 – COMPENSATED ABSENCES

Employees of the Clinic are entitled to paid vacation and sick days, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Clinic’s policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 7 – BETHESDA FOUNDATION

The Bethesda Health Clinic Foundation (Foundation) was formed in March 2005 and received its Internal Revenue Service 501(c)(3) letter in August 2006. The Foundation was organized and is operated exclusively for the benefit of and to further the purposes of the Clinic. The Foundation’s Board of Directors are elected to serve a three year term.

To accomplish its purpose, an endowment fund has been established in the Foundation to receive contributions for the benefit of the Clinic with the understanding that the principal of the assets held and managed by the Foundation be used for the sole benefit of the Clinic. The endowment principal and income earned is available for the support of the Clinic. Investment and spending policy approved by the Foundation’s Board of Directors in December 2006 limits spending in the first three years to five percent of the portfolio value. Thereafter, spending will target five percent of the fund’s average three year portfolio value. The Board of the Clinic elected to fund the endowment in August 2006 with \$630,000 of unrestricted contributions received in prior years.

The assets have been reported in the accompanying financial statements at current market value under the caption “Interest in Bethesda Foundation”. Interest in net assets for the Foundation totaled \$958,034 and \$846,132, for year ended December 31, 2012 and 2011, respectively.

NOTE 8 – CONCENTRATIONS

The Clinic maintains the majority of its cash balances in one financial institution. As of December 31, 2012 and 2011, the total carrying amounts of the bank deposits were \$534,444 and \$542,818, respectively. Total uninsured deposits as of December 31, 2012 and 2011, were \$275,829 and \$247,104, respectively.

The Clinic receives a significant portion of its donated professional services revenue from Texas Spine and Joint Hospital. For the years ended December 31, 2012 and 2011, the hospital donated services valued at \$907,442 and \$813,848, respectively.

Tyler Faith Based Health Clinic, Inc.
dba Bethesda Health Clinic
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 9 – JOINT COSTS

The Clinic's office is often used to educate the public, request public participation in programs, and to inform donors about the Clinic's activities. The Clinic's major joint operating costs are salaries, benefits, utilities, rent, office and meeting supplies, depreciation and postage. Joint operating costs incurred by the Clinic as of December 31, 2012 and 2011, totaled \$1,008,336 and \$910,545, respectively. 2012 costs are allocated on the statement of functional expenses as follows: \$796,548 (79%) to patient care, \$111,821 (11%) to general and administrative expense, and \$99,967 (10%) to fund-raising. 2011 costs are allocated on the statement of functional expenses as follows: \$690,472 (76%) to patient care, \$124,700 (14%) to general and administrative expense, and \$95,373 (10%) to fund-raising.

NOTE 10 – SUBSEQUENT EVENTS

The Clinic has evaluated subsequent events through August 23, 2013, the date which the financial statements were available to be issued.

Bethesda signed a five year lease in June of 2013 to rent a retail space for a thrift store. Monthly rent will range from \$9,000 to \$10,500. Donations will be taken from the public which will consist of clothing, household goods, and furniture. These items will be sold and all profits will be used to fund the operations of the Clinic.

All assets currently held by the Bethesda Foundation will be transferred in 2013 to the East Texas Communities Foundation (ETCF). The Clinic will retain ownership of the investments, but ETCF will manage the investments.