

**AUSTIN GROUPS FOR THE ELDERLY, INC.**

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
YEARS ENDED DECEMBER 31, 2011 and 2010

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Austin Groups for the Elderly, Inc.  
Austin, Texas

We have audited the accompanying statements of financial position of **Austin Groups for the Elderly, Inc.** (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, 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 Austin Groups for the Elderly, Inc. as of December 31, 2011 and 2010, 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.

*Gindler, Chappell, Morrison & Co., P.C.*

Austin, Texas  
June 20, 2012

FINANCIAL STATEMENTS

# AUSTIN GROUPS FOR THE ELDERLY, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

	2011	2010
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 182,628	\$ 283,868
Receivables		
Program service fees	36,617	45,381
United Way allocation	36,250	36,125
PayPal on-line account	6,299	6,687
Grants and contracts	22,054	20,166
Tenant rents	2,012	5,118
Prepaid expenses	22,104	36,652
Total current assets	307,964	433,997
Fixed assets		
Land, building and improvements	1,202,915	1,141,955
Furniture and equipment	184,992	182,992
Vehicles	94,240	94,240
Leasehold improvements	46,420	46,420
Less accumulated depreciation	(906,582)	(892,486)
Net fixed assets	621,985	573,121
Other assets - security deposit	3,285	3,285
<b>Total assets</b>	<b>\$ 933,234</b>	<b>\$1,010,403</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 26,183	\$ 20,016
Deferred revenues	2,701	5,059
Accrued payroll	27,843	23,972
Payroll liabilities	2,467	3,751
Vacation accrual payable	22,008	25,176
Total current liabilities	81,202	77,974
Security deposits held	9,129	8,786
Commitments - operating leases (note 2)		
Total liabilities	90,331	86,760
Net assets		
Unrestricted net assets		
Available for general operations	27,808	76,072
Board designations (note 3)	20,000	20,000
Investment in fixed assets	621,985	573,121
Total unrestricted net assets	669,793	669,193
Temporarily restricted net assets (note 4)	173,110	254,450
Permanently restricted net assets	-	-
Total net assets	842,903	923,643
<b>Total liabilities and net assets</b>	<b>\$ 933,234</b>	<b>\$1,010,403</b>

See accompanying Notes to Financial Statements.

# AUSTIN GROUPS FOR THE ELDERLY, INC.

## STATEMENTS OF ACTIVITIES

Years Ended December 31, 2011 and 2010

	2011			
	Current Operating Funds			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUES AND OTHER SUPPORT</b>				
Program service fees (note 5)	\$ 846,932	\$ -	\$ -	\$ 846,932
Grants and contracts	19,812	421,824	-	441,636
United Way allocation	-	72,500	-	72,500
Contributions	70,704	7,600	-	78,304
Contributed goods and services (note 6)	-	94,896	-	94,896
Fund raising event	40,873	-	-	40,873
Investment income - interest	678	-	-	678
Insurance claim	140,711	-	-	140,711
Other revenue	514	-	-	514
Net assets released from donor imposed restrictions (note 4)	678,160	(678,160)	-	-
<b>Total revenues</b>	<b><u>1,798,384</u></b>	<b><u>(81,340)</u></b>	<b><u>-</u></b>	<b><u>1,717,044</u></b>
<b>EXPENSES</b>				
Program services				
Elderhaven Adult Day Care	858,638	-	-	858,638
Austin SeniorNet	127,298	-	-	127,298
AGE Building	446,078	-	-	446,078
Caregiver Resource Center	228,669	-	-	228,669
<b>Total program services</b>	<b><u>1,660,683</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,660,683</u></b>
Supporting services				
Management and general	54,829	-	-	54,829
Fund raising	82,272	-	-	82,272
<b>Total supporting services</b>	<b><u>1,797,784</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,797,784</u></b>
<b>Total expenses</b>	<b><u>1,797,784</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,797,784</u></b>
<b>CHANGE IN NET ASSETS (decrease)</b>	<b>600</b>	<b>(81,340)</b>	<b>-</b>	<b>(80,740)</b>
<b>NET ASSETS</b>				
Beginning of year	<u>669,193</u>	<u>254,450</u>	<u>-</u>	<u>923,643</u>
<b>End of Year</b>	<b><u>\$ 669,793</u></b>	<b><u>\$ 173,110</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 842,903</u></b>

See accompanying Notes to Financial Statements.

# AUSTIN GROUPS FOR THE ELDERLY, INC.

## STATEMENTS OF ACTIVITIES - continued

Years Ended December 31, 2011 and 2010

	2010			
	Current Operating Funds		Permanently Restricted	Total
	Unrestricted	Temporarily Restricted		
<b>REVENUES AND OTHER SUPPORT</b>				
Program service fees (note 5)	\$ 823,164	\$ -	\$ -	\$ 823,164
Grants and contracts	21,717	566,970	-	588,687
United Way allocation	-	72,250	-	72,250
Contributions	46,933	-	-	46,933
Contributed goods and services (note 6)	-	72,703	-	72,703
Fund raising event	35,806	-	-	35,806
Investment income - interest	1,026	-	-	1,026
Net assets released from donor imposed restrictions (note 4)	584,673	(584,673)	-	-
Total revenues	1,513,319	127,250	-	1,640,569
<b>EXPENSES</b>				
Program services				
Elderhaven Adult Day Care	860,145	-	-	860,146
Austin SeniorNet	121,146	-	-	121,146
AGE Building	255,649	-	-	255,649
Caregiver Resource Center	154,578	-	-	154,578
Total program services	1,391,518	-	-	1,391,519
Supporting services				
Management and general	63,148	-	-	63,147
Fund raising	86,067	-	-	86,067
Total supporting services	149,215	-	-	149,214
Total expenses	1,540,733	-	-	1,540,733
CHANGE IN NET ASSETS (decrease)	(27,414)	127,250	-	99,836
<b>NET ASSETS</b>				
Beginning of year	696,607	127,200	-	823,807
End of Year	\$ 669,193	\$ 254,450	\$ -	\$ 923,643

See accompanying Notes to Financial Statements.

## AUSTIN GROUPS FOR THE ELDERLY, INC.

### STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2011 and 2010

	2011						
	Program Services				Supporting Services		
EXPENSES	Elderhaven Adult Day Care	AGE Building	Caregiver Resource Center	Austin SeniorNet	Management & General	Fund Raising	Total
Salaries	\$ 421,754	\$ 34,286	\$ 143,606	13,489	\$ 43,770	\$ 45,667	\$ 702,572
Payroll taxes	32,410	2,635	11,038	1,037	3,364	3,516	54,000
Employee benefits	18,181	-	10,321	-	4,548	4,548	37,598
Total personnel	472,345	36,921	164,965	14,526	51,682	53,731	794,170
Repairs and maintenance	13,025	180,365	18,546	175	-	-	212,111
Food and food supplies	127,717	-	-	-	-	-	127,717
Contributed services	-	-	-	94,895	-	-	94,895
Depreciation	28,614	45,869	266	6,072	-	-	80,821
Utilities	8,100	57,826	,	-	,	-	65,926
Professional fees	45,917	7,570	9,474	-	,	-	62,961
Vehicle operation	62,615	16	266	-	-	-	62,897
Office expenses	3,998	45,420	7,609	3,683	,	-	60,710
Facilities rental	42,020	-	-	-	-	-	42,020
Insurance	17,077	13,503	3,972	3,972	1,191	-	39,715
Copier lease and supplies	1,949	20,399	3,465	1,464	,	-	27,277
Technology services	5,637	15,738	225	2,233	,	-	23,833
Advertising	6,011	11,061	4,256	138	-	-	21,466
Activity expenses	17,323	-	-	-	-	-	17,323
Awards dinner expenses	-	-	-	-	-	17,075	17,075
Board and employee development	2,513	7,257	4,882	-	-	-	14,652
General fund raising costs	-	-	-	-	-	11,466	11,466
Travel and entertainment	1,304	1,249	5,813	-	-	-	8,366
Dues and subscriptions	2,473	2,884	645	140	-	-	6,142
Program stipend expenses	-	-	4,285	-	-	-	4,285
Bank service charges	-	-	-	-	1,956	-	1,956
<b>Total expenses</b>	<b>\$ 858,638</b>	<b>\$446,078</b>	<b>\$ 228,669</b>	<b>\$ 127,298</b>	<b>\$ 54,829</b>	<b>\$ 82,272</b>	<b>\$1,797,784</b>

See accompanying Notes to Financial Statements.



## AUSTIN GROUPS FOR THE ELDERLY, INC.

### STATEMENTS OF FUNCTIONAL EXPENSES - continued

Years Ended December 31, 2011 and 2010

EXPENSES	2010						
	Program Services				Supporting Services		
	Elderhaven Adult Day Care	Austin SeniorNet	AGE Building	Caregiver Resource Center	Management & General	Fund Raising	Total
Salaries	\$ 414,654	\$ 17,553	\$ 41,472	\$ 106,322	\$ 34,678	\$ 43,968	\$ 658,647
Payroll taxes	39,272	1,567	3,954	9,440	3,100	4,635	61,968
Employee benefits	37,884	662	2,532	7,239	4,157	4,915	57,389
Total personnel	491,810	19,782	47,958	123,001	41,935	53,518	778,004
Food and food supplies	120,233	-	-	-	-	-	120,233
Contributed services	-	72,703	-	-	-	-	72,703
Vehicle operation	56,639	-	-	-	-	-	56,639
Repairs and maintenance	15,949	299	68,326	7,378	-	-	91,952
Depreciation	22,654	7,680	34,827	-	-	-	65,161
Utilities	16,914	2,255	33,893	2,819	1,128	-	57,009
Office expenses	2,797	7,602	14,552	5,190	2,929	2,303	35,373
Contributed facilities and rent	40,590	-	-	-	-	-	40,590
Professional fees	40,124	-	-	1,300	8,794	-	50,218
Insurance	17,300	4,023	13,679	4,023	1,207	-	40,232
Copier lease and supplies	3,108	2,546	11,148	1,587	1,587	2,538	22,514
Advertising	2,074	1,026	12,644	2,446	-	-	18,190
Awards dinner expenses	-	-	-	-	-	16,232	16,232
Activity expenses	20,465	-	-	-	-	-	20,465
Technology services	5,512	1,909	6,013	2,879	2,878	-	19,191
Board and employee development	1,919	471	6,439	1,109	-	-	9,938
General fund raising costs	-	-	-	-	-	11,476	11,476
Dues and subscriptions	950	850	3,698	280	-	-	5,778
Travel and entertainment	576	-	2,472	2,566	-	-	5,614
Bank service charges	-	-	-	-	2,690	-	2,690
Miscellaneous	531	-	-	-	-	-	531
Total expenses	\$ 860,145	\$ 121,146	\$255,649	\$ 154,578	\$ 63,148	\$ 86,067	\$1,540,733

See accompanying Notes to Financial Statements.

# AUSTIN GROUPS FOR THE ELDERLY, INC.

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2011 and 2010

	2011	2010
<b>CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>		
Change in net assets	\$ (80,740)	\$ 99,836
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	80,821	65,161
(Increase) decrease in operating assets		
Receivables	10,245	(9,221)
Prepaid expenses	14,548	(17,306)
Increase (decrease) in operating liabilities		
Accounts payable	6,167	15,212
Deferred revenues	(2,358)	(2,632)
Accrued payroll	3,871	3,054
Payroll liabilities	(1,284)	2,151
Vacation accrual payable	(3,168)	4,924
Increase in security deposits held	343	470
Net cash provided by operating activities	<b>28,445</b>	<b>161,649</b>
<b>CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>		
Decrease in investments	-	-
Purchases of fixed assets	(129,685)	(81,196)
Net cash provided by (used by) investing activities	<b>(129,685)</b>	<b>(81,196)</b>
<b>CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(101,240)</b>	<b>80,453</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<b>283,868</b>	203,415
End of year	<b>\$ 182,628</b>	<b>\$ 283,868</b>
Supplementary Information		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
Non-cash investing activities		
Disposal of fixed assets	<b>\$ 66,726</b>	<b>\$ 5,000</b>
Accumulated depreciation related to disposal	<b>\$ 66,726</b>	<b>\$ (5,000)</b>

See accompanying Notes to Financial Statements.

**AUSTIN GROUPS FOR THE ELDERLY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2011 and 2010**

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**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Organization

Austin Groups for the Elderly, Inc. ("AGE" or the "Organization") is a nonprofit corporation under the laws of the State of Texas which began in 1986 from the dreams of Bert Kruger Smith and Willie Kocurek, along with many others. They saw early on that the needs of the elderly population were going to strain the available resources. Believing that collaboration and cooperation were the key to stretching resources to obtain their maximum impact, Bert and Willie developed the idea of sharing space and basic resources amongst small not-for-profits. The providers of services to seniors, elders and the disabled would not have to worry about a place to be, rather, they could focus their energy and funds on providing services. The AGE Board of Directors remain true to the original goals of the founders: continuing to offer rental space, sharing copy and fax machines, and encouraging the organization to work with other providers in collaboration on delivery of services to the Austin community. Through the years, this approach has allowed organizations such as Hospice Austin, Family Eldercare, Open Door Pre-School and The Alzheimer's Association to begin in the AGE Building, grow, and move on to their own locations.

Today, the AGE continues to foster and support programs and services that promote the wholeness, dignity, and well-being of the elderly and their families.

The mission of AGE is accomplished by the following:

- The **Elderhaven Adult Day Care** Program is licensed by the Texas Department of Aging & Disabilities and provides a safe, secure and stimulating environment for disabled individuals as an alternative to early nursing home placement and allows caregivers a respite during the day. A structured exercise program along with supervised activities including field trips, musical therapy, reminiscent therapy and reality orientation has proven to enhance the client's mental well-being. Nursing care and transportation services are available.
- **Austin Computer Learning Center** offers beginning, intermediate and advanced computer classes and seminars taught for and by people 50 years of age and older. Benefits of this computer training include hands-on training in a newly refurbished computer lab; two to one student/coach ratio; and a helpful instruction manual is provided.
- Daily management of the **AGE Building**. In 1986, thanks to the generosity of individuals, businesses, and foundations, Austin Groups for the Elderly purchased the former historic Confederate Woman's Home. Founded in 1908 as a home for elderly Confederate women, the building currently houses over 20 non-profit agencies serving the elderly, adults with disabilities, at-risk youth and the arts.
- The **Caregiver Resource Center** is designed to empower caregivers in their critical roles by providing quality training, equipment and information to caregivers and collaborating with professionals and other organizations to educate the community about the value of care giving. The Caregiver Resource Center offers immediate and ongoing support to anyone who provides care to an aging person, to help both to improve their quality of life and maintain an optimum level of independence.
- **New Connections** is available to any qualified individual who has been assessed and/or referred by a physician. Most individuals interested in New Connections have a diagnosis of Mild Cognitive Impairment (MCI) or another type of early-stage dementia (such as Alzheimer's disease). Prospective participants must be aware of their memory impairments, and they should possess a willingness to engage in cognitive stimulation activities and group discussions about living with the symptoms of dementia.
- **Health Equipment Lending Program (H.E.L.P.)** loans durable medical equipment and incontinence products to elderly and disabled people in Central Texas.
- **Caregiver U** is a collaboration across four counties providing evidence-based training for unpaid family caregivers.

Sources of revenue and support for AGE consists of contracts with the Texas Department of Human Services and other state and local government agencies, fees charged private paying Elderhaven clients, dues and fees charged for SeniorNet programs, grants from foundations and other organizations, fund raising events supported by the community, rents charged to building tenants, and charitable donations solicited from the community.

**AUSTIN GROUPS FOR THE ELDERLY, INC.**  
**NOTES TO FINANCIAL STATEMENTS – continued**  
**Years Ended December 31, 2011 and 2010**

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**NOTE 1: DESCRIPTION OF ORGANIZATION SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Austin Groups for the Elderly was incorporated in the State of Texas in 1985 as a non-profit corporation and is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) for income related to its exempt purpose. AGE is classified by the Internal Revenue Service as an organization other than a private foundation.

Summary of Significant Accounting Policies

**Accounting Estimates:** The preparation of financial statements in conformity with U.S. 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.

**Method of Accounting:** Austin Groups for the Elderly uses the accrual basis method of accounting. Using this method of accounting, revenue and support and related receivables are reported when funds are considered earned, regardless of when cash is received. Program service fees received in advance of being earned are reported as deferred revenue. Expenses and related accounts payable are reported when an obligation is incurred, regardless of when cash is disbursed. Payroll costs incurred but not payable as of year end are reported as accrued payroll. Cash disbursed before an obligation is incurred is reported as prepaid expenses.

**Financial Instruments and fair value measurements:** Fair value is 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. Austin Groups for the Elderly measures and discloses fair value in accordance with the following hierarchy and techniques.

Market approach (level 1) - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Cost approach (level 2) - based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach (level 3) - uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Eligible financial assets and financial liabilities such as cash, certificates of deposit, accounts receivables, accounts payable and note payables are valued using an alternative fair value option as management believes the use of the fair value option for eligible items or group of similar eligible items provides more relevant and understandable information for financial statement users because the fair value option reflects the current cash equivalent of the financial instruments rather than another measure. The fair value of such assets and liabilities are deemed to be the face value of the instrument due to either the short term nature of the instrument or to an interest rate that is considered to be a market rate.

Changes in fair value of financial instruments and unrealized gains or losses on financial instruments are reported in the statement of activities. Investment income and gains and losses on investments are reported as an increase or decrease in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

**Net Assets Classes:** The AGE reports the following net assets classes:

Permanently restricted net assets The part of the net assets of a not-for-profit organization resulting from contributions whose use by an organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of an organization are considered permanently restricted net assets. An example of a permanently restricted net asset would be the donation of funds (or other assets) to an Organization in which the donor imposed a restriction that the funds not be expended, but that an organization would be permitted to use or expend part or all of the income (or other economic benefit) derived from the donation.

Temporarily restricted net assets Not-for-profit organizations receive contributions and other resources whose use is limited by stipulations that are more specific than the broad limits resulting from the nature and purpose of an organization and its programs. Resources (net assets) with such stipulations that either expire by passage of time or can be fulfilled by actions of an organization are reported as temporarily restricted net assets.

**AUSTIN GROUPS FOR THE ELDERLY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended December 31, 2011 and 2010**

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**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Unrestricted net assets Resources not included in the above classes are considered unrestricted net assets. While these resources are reported as unrestricted, an organization manages them in compliance with their exempt purposes, Board of Director designations, legal requirements, and contractual obligations.

**Cash and Cash Equivalents:** Cash and cash equivalents consist of cash in demand deposit accounts and certificates of deposit with original maturities of less than three months.

**Investments and Investment Income:** Components of investment income consist of interest income which is reported in the financial statements as unrestricted revenue. Investment income is reported as increases or decreases in unrestricted net assets, unless a donor or law temporarily or permanently restricts their use.

**Receivables:** Amounts billed as the result of program services, amounts due from tenants and other amounts due under contractual agreements are considered trade receivables and are not classified as held for sale. Interest is not charged on trade receivables, nor is collateral required. The trade receivables are valued using an allowance for uncollectible accounts. Periodically, management reviews the collectability of the receivables using such factors as the collection history of the account, the age of the account and the account's ability to pay. Accounts are considered past due after 30 days of no payments. Accounts determined to be uncollectible are charged against an allowance for uncollectible accounts. At year end 2011 and 2010, no allowance for uncollectible accounts is considered necessary. The allowance for uncollectible accounts is considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant. The allocation and grants and contracts receivables are promises to give due within one year.

**Fixed Assets:** Fixed assets are capitalized at cost if the value of the item is more than \$1,000 and the estimated useful service life of the item is more than one year. Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Depreciation expense is computed over the estimated useful service life of the asset (3 to 7 years for furniture, equipment and vehicles, 10 years for improvements, and 30 years for buildings) using the straight line method of computation. Depreciation expense reported is considered a significant accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Maintenance and repairs are charged to expenses as incurred. The building owned by the Organization is an older building with increasing maintenance and repair needs. No reserve funds are set aside for future maintenance and repairs.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. During the year, the Organization did not adjust the carrying amount of any fixed assets.

**Vacation Accrual Payable:** Vacation earned by employees, but not taken at year end, is reported as vacation accrual payable.

**Revenue Recognition:** Program service fees are recognized as revenue when the fee is earned. Unconditional pledges or promises to give are reported as support when the funding is awarded. Conditional promises to give, such as cost reimbursement contracts, are reported as revenue when the conditions are met. Generally, the conditions to be met are compliance with budget categories or the delivery of a program service. Bequests are recognized as support when legal matters concerning the estate are finalized and the actual amount to be received can be determined with reasonable certainty.

**Contributed Goods and Services:** Contributed goods are reported in the financial statements as support if the goods are used in conducting programs services. Contributed services are recorded in the financial statements if the contributed services require specialized skills that the AGE would otherwise need to purchase. Contributed goods and services reported in the financial statements are accounting estimates. The estimates may be adjusted as more current information becomes available and any adjustment could be significant.

**Allocation of Costs:** Austin Groups for the Elderly allocates common costs, such as salaries and benefits, telephone, and supplies between program services, management and general, and fund raising based on management's judgment of the estimated costs related to the Organization's activities. The allocations are reviewed periodically and the allocations revised, if necessary, to reflect changes in the activities of the Organization. The allocations of costs reported are considered accounting estimates. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

**AUSTIN GROUPS FOR THE ELDERLY, INC.**  
**NOTES TO FINANCIAL STATEMENTS – continued**  
**Years Ended December 31, 2011 and 2010**

**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Subsequent Events: Management has evaluated subsequent events through June 20, 2012 which is the date the financial statements were available to be issued. In management’s opinion, no other events have occurred from the statement of financial position date through that date that would impact the financial statements.

**NOTE 2: COMMITMENTS - OPERATING LEASES**

Austin Groups for the Elderly is obligated on leases for program services space and office equipment. The leases are treated as operating leases for accounting purposes; therefore, the lease obligation is not reported in the financial statements. The future minimum lease payments due under leases are the following: 2012- \$61,675, 2013- \$42,735, 2014- \$34,040, 2015- \$24,600 and 2016- \$24,600.

Rental expense under operating leases for 2011 and 2010 was **\$56,985** and \$55,976, respectively.

**NOTE 3: UNRESTRICTED NET ASSETS - BOARD DESIGNATIONS**

Designations are voluntary board of director approved segregations of unrestricted net assets for specific purposes, projects or investments. Since designations are voluntary, they may be reversed by future board action. A bequest to Austin Groups for the Elderly has been designated by the board of directors for possible investment or other long-term purposes.

**NOTE 4: TEMPORARILY RESTRICTED NET ASSETS**

During 2011 and 2010, net assets of **\$678,160** and \$584,673, respectively were released from accompanying stipulations due to the Organization’s actions or due to the passage of time and are considered net assets released from donor imposed restrictions. These funds are reported as transfers from temporarily restricted net assets to unrestricted net assets in the statement of activities.

At year end, Austin Groups for the Elderly had assets in the form of cash and receivables that were temporarily restricted for the following purposes.

Funding Source	Amount		Restrictions Imposed by Funding Source
	2011	2010	
<u>Contracts and Grants</u>			
Impact Austin	\$ 44,793	\$ 31,582	Caregiver Resource Center programs and Durable Medical Equipment Lending Closet
St. David’s Foundation	39,604	114,000	Elderhaven/Caregiver Resource Center programs and AGE Building repairs
Topfer Foundation	20,000	22,500	Elderhaven Adult Day Care Program
Lola Wright Foundation	12,363	10,000	Transportation and AGE Building repairs
Austin Community Foundation	10,000	2,000	Elderhaven/Caregiver Resource Center programs
Hammill Foundation	2,500	4,167	Elderhaven Adult Day Care Program
Austin Junior Forum	-	3,000	Durable Medical Equipment Lending Closet
Health Angels	-	26,076	Durable Medical Equipment Lending Closet
<u>Contributions</u>			
Various individuals	7,600	-	Purchase of a new vehicle
SeniorNet Connally	-	5,000	SeniorNet
<u>Allocations</u>			
Capital Area United Way	36,250	36,125	Time restricted for use in future periods
<b>Total</b>	<b><u>\$173,110</u></b>	<b><u>\$254,450</u></b>	

**AUSTIN GROUPS FOR THE ELDERLY, INC.**  
**NOTES TO FINANCIAL STATEMENTS – continued**  
**Years Ended December 31, 2011 and 2010**

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**NOTE 5: PROGRAM SERVICE FEES**

Program service fees reported in the financial statements are the following.

	<u>2011</u>	<u>2010</u>
Elderhaven Adult Day Care	\$654,513	\$626,300
Austin Computer Learning Center	26,392	34,183
AGE Building		
Tenant rents	134,765	137,910
Fees for copies, postage, vending	<u>31,262</u>	<u>24,771</u>
<b>Total</b>	<b><u>\$846,932</u></b>	<b><u>\$823,164</u></b>

**NOTE 6: CONTRIBUTED GOODS AND SERVICES**

AGE received the following non-cash donations of goods and services that have been reflected in the financial statements.

	<u>2011</u>	<u>2010</u>
	Austin	Austin
	<u>SeniorNet</u>	<u>SeniorNet</u>
Contributed services		
Instructors/Coaches	<b><u>\$ 94,896</u></b>	<b><u>\$ 72,703</u></b>

**NOTE 7: COLLABORATIVE ARRANGEMENT**

Under grant funding from St. David’s Foundation, AGE leads a collaborative referred to as Caregiver U. Under the grant terms, AGE identifies and trains participating agencies in providing evidence-based training for unpaid family caregivers. Upon fulfillment of performance criteria by these agencies, and as they spend funds to fulfill the obligations, they receive funds from the grant as determined by AGE. As part of an annual grant all terms are determined and renewed upon notification of grant funding. Revenue is recognized upon receipt and is recorded as grants and contracts revenue on the statement of activities and changes in net assets. Expenses related to the collaborative are recorded in the Caregiver Resource Center program services. Revenue and expenses related to the collaborative arrangement for 2011 were approximately \$88,330 and \$56,871, respectively. There were no revenue or expenses in 2010 for this grant.