

**AUSTIN GROUPS FOR THE ELDERLY**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Austin Groups for the Elderly (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

### **Auditors' 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 auditors' 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 auditors consider 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 Austin Groups for the Elderly as of December 31, 2017 and 2016, 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.

A handwritten signature in cursive script that reads "Atchley & Associates, LLP".

Austin, Texas

September 18, 2018

**AUSTIN GROUPS FOR THE ELDERLY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 517,449	\$ 134,404
Designated cash	20,000	20,000
Total cash and cash equivalents	537,449	154,404
Receivables		
Program service fees, net	59,532	82,587
Pledge receivable, net	83,189	-
Grants and contracts	38,547	44,899
Tenant rents	50	72
Prepaid expenses	9,833	31,646
Total current assets	728,600	843,938
Fixed assets		
Land	181,695	181,695
Building and improvements	1,246,776	1,218,323
Furniture and equipment	170,811	97,685
Vehicles	388,853	323,819
Leasehold improvements	87,096	87,096
Construction in progress	25,500	-
Less accumulated depreciation	(1,335,959)	(1,202,014)
Net fixed assets	764,772	706,604
Other assets	3,285	3,285
<b>Total assets</b>	<b>\$ 1,496,657</b>	<b>\$ 1,023,497</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 35,462	\$ 28,674
Deferred revenues	31,051	19,839
Passthrough liabilities	8,814	21,095
Accrued payroll	26,872	24,240
Vacation accrual payable	24,754	18,550
Total current liabilities	126,953	112,398
Security deposits held	5,508	5,467
Total liabilities	132,461	117,865
Net assets		
Unrestricted net assets		
Available for current operations	(297)	112,028
Board designations	20,000	20,000
Investment in fixed assets	764,772	706,604
Total unrestricted net assets	784,475	838,632
Temporarily restricted net assets	579,721	67,000
Total net assets	1,364,196	905,632
<b>Total liabilities and net assets</b>	<b>\$ 1,496,657</b>	<b>\$ 1,023,497</b>

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN GROUPS FOR THE ELDERLY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017**

	Current Operating Funds			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUES AND OTHER SUPPORT</b>				
Grants and contracts	\$ -	\$ 1,478,772	\$ -	\$ 1,478,772
Program service fees	1,034,257	-	-	1,034,257
Comprehensive major gifts campaign revenue	-	284,689	-	284,689
Contributions	273,611	-	-	273,611
Contributed goods and services	127,223	120	-	127,343
Fund raising event	34,912	-	-	34,912
Investment income - interest	18,402	-	-	18,402
Other revenue	-	-	-	-
Net assets released from donor imposed restrictions	1,250,860	(1,250,860)	-	-
<b>Total revenues and other support</b>	<b>2,739,265</b>	<b>512,721</b>	<b>-</b>	<b>3,251,986</b>
<b>EXPENSES</b>				
Program services				
Adult Day Health Care	1,520,706	-	-	1,520,706
AGE Building	277,852	-	-	277,852
Caregiver Resource Center	473,746	-	-	473,746
AGE Computer Lab	135,909	-	-	135,909
Total program services	2,408,213	-	-	2,408,213
Supporting services				
Management and general	89,667	-	-	89,667
Fund raising	295,542	-	-	295,542
Total supporting services	385,209	-	-	385,209
<b>Total expenses</b>	<b>2,793,422</b>	<b>-</b>	<b>-</b>	<b>2,793,422</b>
<b>CHANGE IN NET ASSETS (decrease)</b>	<b>(54,157)</b>	<b>512,721</b>	<b>-</b>	<b>458,564</b>
<b>NET ASSETS</b>				
Beginning of year	838,632	67,000	-	905,632
<b>End of year</b>	<b>\$ 784,475</b>	<b>\$ 579,721</b>	<b>\$ -</b>	<b>\$ 1,364,196</b>

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN GROUPS FOR THE ELDERLY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

	Current Operating Funds			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUES AND OTHER SUPPORT</b>				
Grants and contracts	\$ 10,000	\$ 1,038,474	\$ -	\$ 1,048,474
Program service fees	1,044,772	-	-	1,044,772
Comprehensive major gifts campaign revenue	-	-	-	-
Contributions	235,566	-	-	235,566
Contributed goods and services	136,015	1,059	-	137,074
Fund raising event	35,253	-	-	35,253
Investment income - interest	5,041	-	-	5,041
Other revenue	1,400	-	-	1,400
Net assets released from donor imposed restrictions	1,077,956	(1,077,956)	-	-
<b>Total revenues and other support</b>	<b>2,546,003</b>	<b>(38,423)</b>	<b>-</b>	<b>2,507,580</b>
<b>EXPENSES</b>				
Program services				
Adult Day Health Care	1,471,479	-	-	1,471,479
AGE Building	204,844	-	-	204,844
Caregiver Resource Center	489,815	-	-	489,815
AGE Computer Lab	151,651	-	-	151,651
Total program services	2,317,789	-	-	2,317,789
Supporting services				
Management and general	69,877	-	-	69,877
Fund raising	111,162	-	-	111,162
Total supporting services	181,039	-	-	181,039
<b>Total expenses</b>	<b>2,498,828</b>	<b>-</b>	<b>-</b>	<b>2,498,828</b>
<b>CHANGE IN NET ASSETS (decrease)</b>	<b>47,175</b>	<b>(38,423)</b>	<b>-</b>	<b>8,752</b>
<b>NET ASSETS</b>				
Beginning of year	791,457	105,423	-	896,880
<b>End of year</b>	<b>\$ 838,632</b>	<b>\$ 67,000</b>	<b>\$ -</b>	<b>\$ 905,632</b>

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN GROUPS FOR THE ELDERLY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2017**

	Program Services				Supporting Services				Total
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising			
<b>EXPENSES</b>									
Salaries	\$ 758,221	\$ 51,707	\$ 322,344	\$ 2,378	\$ 58,903	\$ 96,602	\$ 1,290,155		
Payroll taxes	66,297	4,403	29,595	208	12,123	3,776	116,402		
Employee benefits	75,680	5,697	14,284	215	1,703	1,270	98,849		
Total personnel costs	900,198	61,807	366,223	2,801	72,729	101,648	1,505,406		
Food and food supplies	171,899	-	-	-	-	-	171,899		
Comprehensive major gifts campaign expenses	-	-	-	-	-	141,095	141,095		
Depreciation	66,628	59,748	-	801	6,768	-	133,945		
Professional fees	82,797	32,694	12,831	59	583	719	129,683		
Contributed services	-	-	-	122,223	-	-	122,223		
Technology services	35,838	15,252	5,456	6,915	3,847	3,690	70,998		
Vehicle operation and travel	60,964	259	4,575	-	334	3,321	69,453		
Utilities	9,308	51,823	-	-	-	-	61,131		
Repairs and maintenance	16,487	43,283	54	-	-	-	59,824		
Facilities rental	51,520	-	-	-	-	-	51,520		
Insurance	32,324	7,375	3,660	367	1,080	492	45,298		
Program and office supplies	10,610	1,251	26,826	2,303	890	922	42,802		
Copier lease and supplies	20,876	3,420	9,354	29	402	3,670	37,751		
Activity expenses	27,866	-	9,379	-	-	-	37,245		
Advertising	21,290	102	7,915	332	50	3,211	32,900		
Program stipend expenses	-	-	23,425	-	-	-	23,425		
Fundraising events	-	-	-	-	-	20,832	20,832		
Board and employee development	11,444	798	4,048	79	1,619	1,452	19,440		
General fund raising costs	-	-	-	-	-	12,299	12,299		
Dues and subscriptions	657	40	-	-	1,365	2,191	4,253		
Total expenses	\$ 1,520,706	\$ 277,852	\$ 473,746	\$ 135,909	\$ 89,667	\$ 295,542	\$ 2,793,422		

The accompanying notes to financial statements are an integral part of these statements.



**AUSTIN GROUPS FOR THE ELDERLY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2016**

	Program Services				Supporting Services			Total
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising		
<b>EXPENSES</b>								
Salaries	\$ 728,171	\$ 24,292	\$ 333,468	\$ 4,718	\$ 37,799	\$ 22,607	\$ 1,151,055	
Payroll taxes	61,551	1,396	27,779	407	8,589	1,918	101,640	
Employee benefits	57,298	3,491	16,862	425	776	4,839	83,691	
Total personnel costs	847,020	29,179	378,109	5,550	47,164	29,364	1,336,386	
Food and food supplies	159,225	-	-	-	-	-	159,225	
Comprehensive major gifts campaign expenses	-	-	-	-	-	-	-	
Depreciation	62,263	50,359	132	240	2,960	-	115,954	
Professional fees	86,668	8,803	19,465	213	1,867	1,437	118,453	
Contributed services	-	-	-	136,015	-	-	136,015	
Technology services	34,722	10,429	5,559	5,444	1,942	1,330	59,426	
Vehicle operation and travel	41,640	-	4,004	-	31	2,670	48,345	
Utilities	27,790	31,121	4,534	1,717	3,854	-	69,016	
Repairs and maintenance	28,597	59,647	-	58	-	118	88,420	
Facilities rental	50,420	-	-	-	-	-	50,420	
Insurance	23,839	9,453	5,995	2,071	1,173	-	42,531	
Program and office supplies	41,333	2,790	19,091	272	1,080	3,211	67,777	
Copier lease and supplies	14,872	2,042	6,802	8	4,581	13,156	41,461	
Activity expenses	30,194	-	8,811	-	-	17	39,022	
Advertising	12,480	67	4,014	5	364	13,872	30,802	
Program stipend expenses	-	-	30,005	-	-	-	30,005	
Fundraising events	-	-	-	-	-	29,631	29,631	
Board and employee development	8,017	809	2,693	58	4,186	1,792	17,555	
General fund raising costs	-	-	-	-	-	11,566	11,566	
Dues and subscriptions	2,399	145	601	-	675	2,998	6,818	
Total expenses	\$ 1,471,479	\$ 204,844	\$ 489,815	\$ 151,651	\$ 69,877	\$ 111,162	\$ 2,498,828	

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN GROUPS FOR THE ELDERLY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets (decrease)	\$ 458,564	\$ 8,752
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	133,945	115,954
Gain on sale of asset	-	(1,400)
Changes in assets and liabilities that provided (used) cash:		
Receivables	(53,760)	(43,699)
Prepaid expenses	21,813	(7,129)
Accounts payable	6,788	(2,932)
Deferred revenues	11,212	1,782
Passthrough liabilities	(12,281)	21,095
Accrued payroll	2,632	3,477
Vacation accrual payable	6,204	5,428
Security deposits held	41	(4,622)
	<u>575,158</u>	<u>96,706</u>
 <b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(192,113)	(180,834)
Proceeds from sale of asset	-	1,400
	<u>(192,113)</u>	<u>(179,434)</u>
 <b>FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 383,045	 (82,728)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>154,404</u>	<u>237,132</u>
 <b>End of year</b>	<u>\$ 537,449</u>	<u>\$ 154,404</u>
 Supplemental Information		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

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

Description of Organization

Austin Groups for the Elderly (AGE) 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 remains true to the original goals of the founders: continuing to offer rental space, sharing copy and fax machines, and encouraging AGE 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, 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 **Adult Day Health 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, reminiscence therapy, and reality orientation has proven to enhance the client's mental well-being. Nursing care and transportation services are available.
- **AGE Computer Lab** 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 that is provided.
- Daily management of the **AGE Building**. In 1986, thanks to the generosity of individuals, businesses, and foundations, AGE 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 in both improving their quality of life and maintaining an optimum level of independence.

**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

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

Description of Organization - Continued

- **Memory Connections** is available to any qualified individual who has been assessed and/or referred by a physician. Most individuals interested in Memory 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 to private paying Adult Day Health Care clients, dues and fees charged for AGE Computer Lab 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.

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:** AGE 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.

**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.

**AUSTIN GROUPS FOR THE ELDERLY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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

Summary of Significant Accounting Policies - Continued

**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 grants and contracts receivables, including the United Way Allocation, are promises to give due within one year. The 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 2017 and 2016, 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.

**Fixed Assets:** Fixed assets are capitalized at cost if the value of the item is more than \$5,000 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. If donors stipulate how long donated assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. 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 AGE 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, AGE 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.

**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

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

Summary of Significant Accounting Policies - Continued

**Net Assets Classes:** 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.

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.

**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.

**Allocation of Costs:** AGE 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 AGE's activities. The allocations are reviewed periodically and the allocations revised, if necessary, to reflect changes in the activities of AGE. 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.

**Income Tax Status:** AGE is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The management of AGE believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The tax returns for the years ended December 31, 2014, and after, are open to examination by federal and local authorities.

**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

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

Summary of Significant Accounting Policies - Continued

**Recently Issued Accounting Pronouncements:** In August 2016, the FASB issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires presentation on the face of the Statement of Financial Position amounts for two classes of net assets at the end of the period, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. The standard also requires the presentation on the face of the Statement of Activities the amount of the change in each of these two classes of net assets. The entity will be required to provide enhanced disclosures about liquidity in the footnotes to the financial statements. The standard is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted. AGE is currently evaluating the impact the standard will have on its financial statements.

**Subsequent Events:** Management of AGE has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

**NOTE 2: PLEDGES RECEIVABLE**

Pledges receivable at year-end are as follows:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 30,000	\$ -
Allowance for uncollectible pledges	<u>-</u>	<u>-</u>
 Pledges due within one year	 <u>\$ 30,000</u>	 <u>\$ -</u>
 Receivable in one to five years	 \$ 60,000	 \$ -
Allowance for uncollectible pledges	-	-
Unamortized present value discount	(6,811)	-
	<u>\$ 53,189</u>	<u>\$ -</u>

Pledges receivable with due dates extending beyond one year are discounted using an approximate 5% discount rate. The annual amortization is reported as temporarily restricted contributions in the statement of activities. New pledges of \$90,000 and \$0 were received in 2017 and 2016, respectively. The allowance for uncollectible pledges and the present value discount are considered accounting estimates.

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**NOTE 3: COMMITMENTS – OPERATING LEASES**

AGE 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:

<u>Years Ending December 31:</u>	
2018	\$ 83,680
2019	84,880
2020	81,395
2021	18,060
	<u>\$ 268,015</u>

Rental expense under operating leases for 2017 and 2016 was \$88,109 and \$81,485, respectively.

**NOTE 4: 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 AGE has been designated by the board of directors for possible investment or other long-term purposes.

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

During 2017 and 2016, net assets of \$1,250,860 and \$1,077,956, respectively, were released from accompanying stipulations due to AGE’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 statements of activities.

At year end, AGE had net assets that were temporarily restricted for the following purposes.

<u>Funding Source</u>	<u>Amount</u>		<u>Restrictions Imposed by Funding Source</u>
	<u>2017</u>	<u>2016</u>	
<u>Contracts and Grants</u>			
St. David's Foundation	\$ 287,346	\$ -	Various
Austin Community Foundation	75,000	-	RRADC/AADC
Moody Foundation	40,000	-	Memory Connections
Topfer Foundation	25,000	25,000	RRADC/AADC
Lola Wright Foundation	13,300	12,000	Capital Assets
Encore	12,500	-	Encore Fellowship
HEB	12,000		Funding for future periods
Theo Davis	3,000	-	RRADC/AADC
St. David's Episcopal Church	-	10,000	Various



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**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS - CONTINUED**

Funding Source	Amount		Restrictions Imposed by Funding Source
	2017	2016	
<u>Contributions</u>			
Gift Cards	2,575	-	Adult Day Health Care program
Alice Kleberg Reynolds	2,000	-	Memory Connections
United Way of Williamson County	-	15,000	Funding for future periods
Athenahealth, Inc	-	5,000	Early memory loss support program
<u>Comprehensive major gifts campaign</u>			
Pledges from individuals	90,000	-	Comprehensive major gifts campaign
Anderson Foundation	17,000	-	Comprehensive major gifts campaign
<b>Total</b>	<u>\$ 579,721</u>	<u>\$ 67,000</u>	

**NOTE 6: PROGRAM SERVICE FEES**

Program service fees reported in the financial statements consisted of the following:

	2017	2016
Adult Day Health Care	\$ 872,037	\$ 877,412
AGE Computer Lab	14,066	19,955
AGE Building		
Tenant rents	142,877	142,934
Fees - copies, postage & vending	5,277	4,471
<b>Total</b>	<u>\$ 1,034,257</u>	<u>\$ 1,044,772</u>

**NOTE 7: 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 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.

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

	2017	2016
Contributed services		
Instructors/coaches	\$ 122,223	\$ 136,015
Software	120	1,059
	<u>122,343</u>	<u>137,074</u>
Contributed goods		
Gift cards	5,000	-
	<u>\$ 127,343</u>	<u>\$ 137,074</u>