

AUSTIN GROUPS FOR THE ELDERLY
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2016 AND 2015

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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 statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Austin Groups for the Elderly, as of and for the year ended December 31, 2015, were audited by other auditors, whose report, dated August 11, 2016, expressed an unmodified opinion on those statements.

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

Austin, Texas

September 20, 2017

AUSTIN GROUPS FOR THE ELDERLY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 134,404	\$ 217,132
Designated cash	20,000	20,000
Total cash and cash equivalents	154,404	237,132
Receivables		
Program service fees	82,587	69,546
Grants and contracts	44,899	13,701
Tenant rents	72	612
Prepaid expenses	31,646	24,517
Total current assets	313,608	345,508
Fixed assets		
Land	181,695	181,695
Building and improvements	1,218,323	1,198,773
Furniture and equipment	97,685	97,685
Vehicles	323,819	214,960
Leasehold improvements	87,096	55,412
Less accumulated depreciation	(1,202,014)	(1,106,801)
Net fixed assets	706,604	641,724
Other assets	3,285	3,285
Total assets	\$ 1,023,497	\$ 990,517
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 28,674	\$ 31,606
Deferred revenues	19,839	18,057
Passthrough liabilities	21,095	-
Accrued payroll	24,240	20,763
Vacation accrual payable	18,550	13,122
Total current liabilities	112,398	83,548
Security deposits held	5,467	10,089
Total liabilities	117,865	93,637
Net assets		
Unrestricted net assets		
Available for current operations	112,028	129,733
Board designations	20,000	20,000
Investment in fixed assets	706,604	641,724
Total unrestricted net assets	838,632	791,457
Temporarily restricted net assets	67,000	105,423
Total net assets	905,632	896,880
Total liabilities and net assets	\$ 1,023,497	\$ 990,517

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	
REVENUES AND OTHER SUPPORT				
Program service fees	\$ 1,044,772	\$ -	\$ -	\$ 1,044,772
Grants and contracts	10,000	1,038,474	-	1,048,474
Contributions	235,566	-	-	235,566
Contributed goods and services	136,015	1,059	-	137,074
Fund raising event	35,253	-	-	35,253
Other revenue	1,400	-	-	1,400
Investment income - interest	5,041	-	-	5,041
Net assets released from donor imposed restrictions	1,077,956	(1,077,956)	-	-
Total revenues and other support	2,546,003	(38,423)	-	2,507,580
EXPENSES				
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	<u>2,317,789</u>	<u>-</u>	<u>-</u>	<u>2,317,789</u>
Supporting services				
Management and general	69,877	-	-	69,877
Fund raising	111,162	-	-	111,162
Total supporting services	<u>181,039</u>	<u>-</u>	<u>-</u>	<u>181,039</u>
Total expenses	<u>2,498,828</u>	<u>-</u>	<u>-</u>	<u>2,498,828</u>
CHANGE IN NET ASSETS (decrease)	47,175	(38,423)	-	8,752
NET ASSETS				
Beginning of year	<u>791,457</u>	<u>105,423</u>	<u>-</u>	<u>896,880</u>
End of year	<u><u>\$ 838,632</u></u>	<u><u>\$ 67,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 905,632</u></u>

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, 2015

	Current Operating Funds			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES AND OTHER SUPPORT				
Program service fees	\$ 1,054,305	\$ -	\$ -	\$ 1,054,305
Grants and contracts	64,300	946,877	-	1,011,177
Contributions	167,210	50	-	167,260
Contributed goods and services	135,256	4,285	-	139,541
Fund raising event	38,189	-	-	38,189
Other revenue	2,854	-	-	2,854
Investment income - interest	1,592	-	-	1,592
Net assets released from donor imposed restrictions	966,833	(966,833)	-	-
Total revenues and other support	2,430,539	(15,621)	-	2,414,918
EXPENSES				
Program services				
Adult Day Health Care	1,324,535	-	-	1,324,535
AGE Building	187,547	-	-	187,547
Caregiver Resource Center	478,057	-	-	478,057
AGE Computer Lab	150,338	-	-	150,338
Total program services	2,140,477	-	-	2,140,477
Supporting services				
Management and general	69,257	-	-	69,257
Fund raising	99,076	-	-	99,076
Total supporting services	168,333	-	-	168,333
Total expenses	2,308,810	-	-	2,308,810
CHANGE IN NET ASSETS (decrease)	121,729	(15,621)	-	106,108
NET ASSETS				
Beginning of year	669,728	121,044	-	790,772
End of year	\$ 791,457	\$ 105,423	\$ -	\$ 896,880

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		
EXPENSES								
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	
Contributed services	-	-	-	136,015	-	-	136,015	
Professional fees	86,668	8,803	19,465	213	1,867	1,437	118,453	
Depreciation	62,263	50,359	132	240	2,960	-	115,954	
Utilities	27,790	31,121	4,534	1,717	3,854	-	69,016	
Repairs and maintenance	28,597	59,647	-	58	-	118	88,420	
Program supplies	34,765	2,387	17,793	-	-	-	54,945	
Office Supplies	6,568	403	1,298	272	1,080	3,211	12,832	
Facilities rental	50,420	-	-	-	-	-	50,420	
Vehicle operation	40,906	-	1,573	-	31	2,670	45,180	
Technology services	34,722	10,429	5,559	5,444	1,942	1,330	59,426	
Program stipend expenses	-	-	30,005	-	-	-	30,005	
Activity expenses	30,194	-	8,811	-	-	17	39,022	
Insurance	23,839	9,453	5,995	2,071	1,173	-	42,531	
Copier lease and supplies	14,872	2,042	6,802	8	4,581	13,156	41,461	
Awards dinner expenses	-	-	-	-	-	29,631	29,631	
Advertising	12,480	67	4,014	5	364	13,872	30,802	
Board and employee development	8,017	809	2,693	58	4,186	1,792	17,555	
Dues and subscriptions	2,399	145	601	-	675	2,998	6,818	
Travel and entertainment	734	-	2,431	-	-	-	3,165	
General fund raising costs	-	-	-	-	-	11,566	11,566	
Bank service charges	-	-	-	-	-	-	-	
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015**

	Program Services				Supporting Services				Total
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising	Management & General	Fund Raising	
EXPENSES									
Salaries	\$ 647,346	\$ 18,168	\$ 287,374	\$ 4,816	\$ 45,074	\$ 47,124	\$ 45,074	\$ 47,124	\$ 1,049,902
Payroll taxes	60,621	1,701	26,911	451	4,221	4,413	4,221	4,413	98,318
Employee benefits	48,781	3,745	9,050	-	2,413	1,252	2,413	1,252	65,241
Total personnel costs	756,748	23,614	323,335	5,267	51,708	52,789	51,708	52,789	1,213,461
Food and food supplies	154,703	-	-	-	-	-	-	-	154,703
Contributed services	-	-	-	135,256	-	-	-	-	135,256
Professional fees	98,451	-	26,717	598	2,355	2,169	2,355	2,169	130,290
Depreciation	35,532	53,481	400	240	2,711	2,711	2,711	2,711	95,075
Utilities	28,566	32,532	4,878	1,727	3,859	691	3,859	691	72,253
Repairs and maintenance	14,861	43,322	1,618	-	-	-	-	-	59,801
Program supplies	4,409	211	21,314	741	211	-	211	-	26,886
Office supplies	11,386	2,130	13,065	1,424	2,130	710	2,130	710	30,845
Facilities rental	48,720	-	-	-	-	-	-	-	48,720
Vehicle operation	47,686	-	-	-	-	-	-	-	47,686
Technology services	28,278	13,673	480	3,135	719	719	719	719	47,004
Program stipend expenses	-	-	44,499	-	-	-	-	-	44,499
Activity expenses	30,008	-	8,803	-	-	-	-	-	38,811
Insurance	18,963	7,557	4,749	1,950	1,324	1,324	1,324	1,324	35,867
Copier lease and supplies	14,328	11,027	7,148	-	1,173	2,073	1,173	2,073	35,749
Awards dinner expenses	-	-	-	-	-	26,898	-	26,898	26,898
Advertising	16,203	-	6,308	-	546	546	546	546	23,603
Board and employee development	7,540	-	8,522	-	1,493	3,336	1,493	3,336	20,891
Dues and subscriptions	6,214	-	2,599	-	387	359	387	359	9,559
Travel and entertainment	1,939	-	3,622	-	164	378	164	378	6,103
General fund raising costs	-	-	-	-	-	4,373	-	4,373	4,373
Bank service charges	-	-	-	-	477	-	477	-	477
Total expenses	\$ 1,324,535	\$ 187,547	\$ 478,057	\$ 150,338	\$ 69,257	\$ 99,076	\$ 69,257	\$ 99,076	\$ 2,308,810

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, 2016 AND 2015

	2016	2015
OPERATING ACTIVITIES		
Change in net assets (decrease)	\$ 8,752	\$ 106,108
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	115,954	95,075
Gain on sale of asset	(1,400)	(2,296)
Changes in assets and liabilities that provided (used) cash:		
Receivables	(43,699)	26,713
Prepaid expenses	(7,129)	3,396
Accounts payable	(2,932)	(951)
Deferred revenues	1,782	5,501
Passthrough liabilities	21,095	-
Accrued payroll	3,477	1,073
Vacation accrual payable	5,428	4,289
Security deposits held	(4,622)	(153)
	<u>96,706</u>	<u>238,755</u>
 INVESTING ACTIVITIES		
Purchase of fixed assets	(180,834)	(198,671)
Proceeds from sale of asset	1,400	4,525
	<u>(179,434)</u>	<u>(194,146)</u>
 FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH	<u>(82,728)</u>	<u>44,609</u>
 CASH AND CASH EQUIVALENTS		
Beginning of year	237,132	192,523
 End of year	<u>\$ 154,404</u>	<u>\$ 237,132</u>
 Supplemental Information		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

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

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

**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 remain 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, reminiscent 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, 2016 AND 2015**

**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, 2016 AND 2015

**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 2016 and 2015, 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, 2016 AND 2015**

**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, 2013, and after, are open to examination by federal and local authorities.

AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

Summary of Significant Accounting Policies - Continued

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.

Reclassifications: Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of activities or net assets.

NOTE 2: 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>Year Ending December 31:</u>	
2017	\$ 82,480
2018	83,680
2019	84,880
2020	81,395
2021	18,060
	<u>\$ 350,495</u>

Rental expense under operating leases for 2016 and 2015 was \$81,485 and \$80,388, 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 AGE has been designated by the board of directors for possible investment or other long-term purposes.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

During 2016 and 2015, net assets of \$1,077,956 and \$966,833, 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.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS - CONTINUED

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

Funding Source	Amount		Restrictions Imposed by Funding Source
	2016	2015	
<u>Contracts and Grants</u>			
Topfer Foundation	\$ 25,000	\$ 30,000	Elderhaven Adult Day Care program
United Way of Williamson County	15,000	21,500	Funding for future periods
Lola Wright Foundation	12,000	25,707	Caregiver supplies
St. David's Episcopal Church	10,000	10,000	Early memory loss support program
Athenahealth, Inc	5,000	5,000	Early memory loss support program
Theo Davis	-	3,000	Meals and snacks for seniors at centers
Alzheimer's Foundation	-	2,500	Early memory loss support program
Austin Community Foundation	-	2,000	Transportation
Rachel & Ben Vaughn Foundation	-	1,000	Early memory loss support program
<u>Contributions</u>			
Gift Cards	-	2,716	Adult Day Health Care program
Veritas	-	2,000	Equipment Lending program
Total	\$ 67,000	\$ 105,423	

NOTE 5: PROGRAM SERVICE FEES

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

	2016	2015
Adult Day Health Care	\$ 877,412	\$ 891,076
AGE Computer Lab	19,955	14,123
AGE Building		
Tenant rents	142,934	142,733
Fees - copies, postage & vending	4,471	6,373
Total	\$ 1,044,772	\$ 1,054,305

NOTE 6: 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.

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NOTE 6: CONTRIBUTED GOODS AND SERVICES - CONTINUED

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

	<u>2016</u>	<u>2015</u>
Contributed services		
Instructors/Coaches	\$ 136,015	\$ 135,256
Software	1,059	3,135
	<u>137,074</u>	<u>138,391</u>
Contributed goods		
Gift cards	-	1,150
	<u>\$ 137,074</u>	<u>\$ 139,541</u>

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 statements of activities. Expenses related to the collaborative are recorded in the Caregiver Resource Center program services. Revenue and expenses related to the collaborative arrangement for 2015 were \$219,603 and \$166,201, respectively. This agreement ended and there was no activity in 2016.