

AUSTIN GROUPS FOR THE ELDERLY
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2019 AND 2018

AUSTIN GROUPS FOR THE ELDERLY
TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities	
Year ended December 31, 2019	4
Year ended December 31, 2018	5
Statement of Functional Expenses	
Year ended December 31, 2019	6
Year ended December 31, 2018	7
Statements of Cash Flows	8
Notes to Financial Statements	9



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, 2019 and 2018, 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, 2019 and 2018, 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.

Ackley & Associates, LLP

Austin, Texas

October 6, 2020

AUSTIN GROUPS FOR THE ELDERLY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 52,384	\$ 95,642
Restricted cash	220,302	157,381
Total cash and cash equivalents	<u>272,686</u>	<u>253,023</u>
Receivables		
Program service fees, net	305,364	77,914
Pledges receivable, current portion	108,950	182,100
Tenant rents	321	687
Prepaid expenses	21,057	20,335
Total current assets	<u>708,378</u>	<u>534,059</u>
Fixed assets		
Land	181,695	181,695
Building and improvements	1,268,775	1,246,776
Furniture and equipment	170,811	170,811
Vehicles	388,853	388,853
Leasehold improvements	87,096	87,096
Construction in progress	1,928,156	27,200
Less accumulated depreciation	<u>(1,623,103)</u>	<u>(1,481,903)</u>
Net fixed assets	2,402,283	620,528
Pledges receivable, net	227,512	109,812
Other assets	40,372	3,285
Total assets	<u><u>\$ 3,378,545</u></u>	<u><u>\$ 1,267,684</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 82,880	\$ 30,748
Deferred revenues	-	960
Passthrough liabilities	10,864	11,075
Accrued payroll	39,326	32,310
Vacation accrual payable	28,161	22,154
Total current liabilities	<u>161,231</u>	<u>97,247</u>
Security deposits held	<u>5,876</u>	<u>6,254</u>
Total liabilities	<u>167,107</u>	<u>103,501</u>
Net assets		
Net assets without donor restrictions		
Available for current operations	366,398	1,554
Board designations	20,000	20,000
Investment in fixed assets	2,402,283	620,528
Total net assets without donor restrictions	<u>2,788,681</u>	<u>642,082</u>
Net assets with donor restrictions	<u>422,757</u>	<u>522,101</u>
Total net assets	<u>3,211,438</u>	<u>1,164,183</u>
Total liabilities and net assets	<u><u>\$ 3,378,545</u></u>	<u><u>\$ 1,267,684</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	\$ -	\$ 877,086	\$ 877,086
Program service fees	1,062,542	-	1,062,542
Comprehensive major gifts campaign revenue	-	2,579,181	2,579,181
Contributions	221,851	-	221,851
Contributed goods and services	94,526	300	94,826
Fundraising event	47,291	-	47,291
Investment return, net	10,110	1,722	11,832
Net assets released from donor imposed restrictions	3,557,633	(3,557,633)	-
Total revenues and other support	4,993,953	(99,344)	4,894,609
EXPENSES			
Program services			
Adult day health care	1,565,159	-	1,565,159
AGE building	169,126	-	169,126
Caregiver resource center	539,567	-	539,567
AGE computer lab	102,881	-	102,881
Total program services	<u>2,376,733</u>	<u>-</u>	<u>2,376,733</u>
Supporting services			
Management and general	72,234	-	72,234
Fundraising	82,573	-	82,573
Comprehensive campaign	315,814	-	315,814
Total supporting services	<u>470,621</u>	<u>-</u>	<u>470,621</u>
Total expenses	2,847,354	-	2,847,354
CHANGE IN NET ASSETS	2,146,599	(99,344)	2,047,255
NET ASSETS			
Beginning of year	<u>642,082</u>	<u>522,101</u>	<u>1,164,183</u>
End of year	\$ 2,788,681	\$ 422,757	\$ 3,211,438

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	\$ -	\$ 575,608	\$ 575,608
Program service fees	999,393	-	999,393
Comprehensive major gifts campaign revenue	-	642,421	642,421
Contributions	236,069	-	236,069
Contributed goods and services	101,643	1,253	102,896
Fundraising event	48,568	-	48,568
Investment return, net	5,342	-	5,342
Net assets released from donor imposed restrictions	1,264,902	(1,264,902)	-
Total revenues and other support	2,655,917	(45,620)	2,610,297
EXPENSES			
Program services			
Adult day health care	1,482,556	-	1,482,556
AGE building	174,012	-	174,012
Caregiver resource center	541,712	-	541,712
AGE computer lab	110,952	-	110,952
Total program services	<u>2,309,232</u>	<u>-</u>	<u>2,309,232</u>
Supporting services			
Management and general	104,325	-	104,325
Fundraising	122,805	-	122,805
Comprehensive campaign	286,448	-	286,448
Total supporting services	<u>513,578</u>	<u>-</u>	<u>513,578</u>
Total expenses	2,822,810	-	2,822,810
CHANGE IN NET ASSETS	(166,893)	(45,620)	(212,513)
NET ASSETS			
Beginning of year	<u>808,975</u>	<u>567,721</u>	<u>1,376,696</u>
End of year	\$ 642,082	\$ 522,101	\$ 1,164,183

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, 2019**

	Program Services				Supporting Services				Total
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising	Comprehensive Campaign		
EXPENSES									
Salaries	\$ 790,212	\$ 31,825	\$ 373,631	\$ 2,706	\$ 37,176	\$ 3,159	\$ 131,600	\$ 1,370,309	
Payroll taxes	63,099	2,457	30,323	117	11,750	1,605	10,089	119,440	
Employee benefits	69,863	3,990	19,296	228	2,275	1,404	3,480	100,536	
Total personnel costs	923,174	38,272	423,250	3,051	51,201	6,168	145,169	1,590,285	
Activity expenses	16,637	-	11,057	-	-	8	-	27,702	
Advertising	51,245	33	16,848	462	17	3,151	-	71,756	
Board and employee development	7,410	706	6,085	45	1,381	2,680	-	18,307	
Comprehensive major gifts	-	-	-	-	-	-	170,645	170,645	
campaign expenses	-	-	-	-	-	-	-	-	
Contributed services	-	-	-	80,576	-	14,250	-	94,826	
Copier lease and supplies	25,204	1,796	5,403	48	176	4,470	-	37,097	
Depreciation	69,565	60,156	-	1,185	10,295	-	-	141,201	
Dues and subscriptions	1,902	222	703	13	136	1,322	-	4,298	
Facilities rental	58,843	-	-	-	-	-	-	58,843	
Food and food supplies	134,640	-	-	-	-	20	-	134,660	
Fundraising events	-	-	-	-	-	17,934	-	17,934	
General fundraising costs	-	-	-	-	-	9,836	-	9,836	
Insurance	27,272	5,464	2,207	589	619	615	-	36,766	
Professional fees	58,104	1,445	6,151	100	759	739	-	67,298	
Program and office supplies	13,169	694	25,145	92	470	3,803	-	43,373	
Program stipend expenses	-	-	18,150	-	-	-	-	18,150	
Repairs and maintenance	32,990	30,659	5,168	2,922	2,725	2,526	-	76,990	
Technology services	47,324	2,851	12,158	11,221	1,919	5,175	-	80,648	
Travel and entertainment	-	-	-	-	-	-	-	-	
Utilities	22,611	26,726	4,544	2,577	2,404	2,228	-	61,090	
Vehicle operation and travel	75,069	102	2,698	-	132	7,648	-	85,649	
Total expenses	\$ 1,565,159	\$ 169,126	\$ 539,567	\$ 102,881	\$ 72,234	\$ 82,573	\$ 315,814	\$ 2,847,354	

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, 2018**

	Program Services				Supporting Services				Total
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising	Comprehensive Campaign		
EXPENSES									
Salaries	\$ 757,554	\$ 33,325	\$ 371,496	\$ 1,563	\$ 56,561	\$ 34,190	\$ 49,244	\$ 1,303,933	
Payroll taxes	59,366	2,553	29,118	123	11,521	2,555	3,666	108,902	
Employee benefits	74,867	5,434	15,587	199	5,007	4,356	3,970	109,420	
Total personnel costs	891,787	41,312	416,201	1,885	73,089	41,101	56,880	1,522,255	
Activity expenses	18,940	-	8,693	-	-	-	-	27,633	
Advertising	18,380	-	5,589	39	-	2,076	-	26,084	
Board and employee development	4,803	397	1,702	10	1,897	3,263	-	12,072	
Comprehensive major gifts campaign expenses	-	-	-	-	-	-	229,568	229,568	
Contributed services	-	-	-	97,143	-	-	-	97,143	
Copier lease and supplies	15,165	1,973	7,671	7	124	6,620	-	31,560	
Depreciation	72,846	61,618	-	1,185	10,295	-	-	145,944	
Dues and subscriptions	1,634	116	614	2	118	1,469	-	3,953	
Facilities rental	52,720	-	-	-	-	-	-	52,720	
Food and food supplies	128,557	-	-	-	-	-	-	128,557	
Fundraising events	-	-	-	-	-	25,645	-	25,645	
General fundraising costs	-	-	-	-	-	12,003	-	12,003	
Insurance	26,421	5,450	2,081	274	759	325	-	35,310	
Professional fees	88,010	2,114	13,387	50	1,121	1,459	-	106,141	
Program and office supplies	5,943	466	39,961	14	149	5,697	-	52,230	
Program stipend expenses	-	-	22,925	-	-	-	-	22,925	
Repairs and maintenance	33,980	28,795	3,881	3,115	2,719	2,693	-	75,183	
Technology services	37,245	4,220	8,345	3,870	11,060	13,372	-	78,112	
Travel and entertainment	-	-	2,156	-	-	-	-	2,156	
Utilities	27,137	27,551	4,184	3,358	2,931	2,903	-	68,064	
Vehicle operation and travel	58,988	-	4,322	-	63	4,179	-	67,552	
Total expenses	\$ 1,482,556	\$ 174,012	\$ 541,712	\$ 110,952	\$ 104,325	\$ 122,805	\$ 286,448	\$ 2,822,810	

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, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Change in net assets (decrease)	\$ 2,047,255	\$ (212,513)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	141,201	145,944
Changes in assets and liabilities that provided (used) cash:		
Receivables	(271,634)	(189,195)
Prepaid expenses	(722)	(10,502)
Accounts payable	52,132	(4,714)
Deferred revenues	(960)	(17,591)
Passthrough liabilities	(211)	2,261
Accrued payroll	7,016	5,438
Vacation accrual payable	6,007	(2,600)
Security deposits held	(378)	746
Net cash provided by (used by) operating activities	<u>1,979,706</u>	<u>(282,726)</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(1,960,043)</u>	<u>(1,700)</u>
Net cash provided by (used by) investing activities	<u>(1,960,043)</u>	<u>(1,700)</u>
FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	19,663	(284,426)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>253,023</u>	<u>537,449</u>
End of year	<u>\$ 272,686</u>	<u>\$ 253,023</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, 2019 AND 2018**

**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, 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 beginner, 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, 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 caregiving. The Caregiver Resource Center offers immediate and ongoing support to anyone who provides care to an aging person to help in both improve their quality of life and maintain an optimum level of independence.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**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 that provides 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, fundraising 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 revenue without restrictions. Investment income is reported as increases or decreases in net assets without restrictions, unless a donor or law restricts their use.

AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

**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 2019 and 2018, 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 support without restrictions. 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.

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

Net assets with donor restrictions: 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 net assets with donor restrictions.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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

Summary of Significant Accounting Policies - Continued

Net assets without donor restrictions: Resources not included in the above classes are considered net assets without donor restrictions. While these resources are reported as net assets without donor restrictions, 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 fees are 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.

In-Kind Contributions: Donated property and services are recorded at fair market value on the date of the donation as in-kind contributions if all qualifications for reporting have been met.

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, 2016, and after, are open to examination by federal and local authorities.

Functional Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Expenses are directly related to a program or supporting service and are allocated accordingly. Utilities and repairs and maintenance are allocated based on square footage. Depreciation is allocated based on the department the related asset is purchased for. The remaining expenses are based on time and effort.

The comprehensive campaign is presented separately from fundraising based on the program being short term in nature and not intended to support on-going activities, but the future growth and expansion of AGE.

Recently Issued Accounting Pronouncements: AGE adopted FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and additional ASUs issued to clarify the guidance in ASU 2014-09, which amends the existing accounting standards for revenue recognition. AGE adopted the new revenue standard utilizing the full retrospective method. AGE did not restate information reported in prior periods as the adoption of the new revenue standard did not have a material impact on previously reported amounts.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1: DESCRIPTION OF ORGANIZATION AND 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 financials were available to be issued. (see Notes 10 and 11)

NOTE 2: AVAILABILITY AND LIQUIDITY

The following represents AGE's financial assets at December 31, 2019 and 2018:

	2019	2018
Financial assets at year-end:		
Cash and cash equivalents	\$ 52,384	\$ 95,642
Restricted cash	220,302	157,381
Program service fees, net	305,364	77,914
Pledges receivable, net	336,462	291,912
Tenant rents	321	687
Total financial assets	914,833	623,536
Less amounts not available to be used within one year:		
Passthrough liabilities	(10,864)	(11,075)
Net assets with donor restrictions, not related to on-going programs	(387,798)	(391,750)
Board designations	(20,000)	(20,000)
Total amount not available to be used within one year	(418,662)	(422,825)
Financial assets available to meet cash needs for general expenditures within one year	\$ 496,171	\$ 200,711

AGE receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

AGE manages its liquidity and reserves following these guiding principles: AGE maintains adequate liquid assets to fund near-term operating needs, and maintains sufficient reserves to provide reasonable assurance that long-term obligations will be discharged; the organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses; AGE has a policy to target a year-end balance of reserves of undesignated net assets without restrictions at 15 to 30 days of expected expenditures. AGE also has a line of credit available if needed.

To achieve these targets, the entity creates a yearly budget with periodic reviews, forecasts future cash flows, monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2019 and 2018, the level of liquidity and reserves was managed within the policy requirements.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable at year-end are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 108,950	\$ 182,100
Allowance for uncollectible pledges	-	-
	<u>\$ 108,950</u>	<u>\$ 182,100</u>
Pledges due within one year		
Receivable in one to five years	\$ 250,215	\$ 120,150
Allowance for uncollectible pledges	-	-
Unamortized present value discount	(22,703)	(10,338)
	<u>\$ 227,512</u>	<u>\$ 109,812</u>

Pledges receivable with due dates extending beyond one year are discounted using an approximate 5% discount rate. The annual amortization is reported as contributions with restrictions in the statement of activities. New pledges of \$20,000 and \$342,500 were received in 2019 and 2018, respectively. The allowance for uncollectible pledges and the present value discount are considered accounting estimates.

During the year ended December 31, 2018, AGE received a commitment in the form of a matching contribution up to \$1 million from a Foundation in support of the Thrive Comprehensive Major Gifts Campaign. The commitment will be used as a match incentive for individual donors or foundations between January 1, 2019 to December 31, 2022. The matched commitment will total \$1,000,000. As of December 31, 2019, \$334,100 has been collected towards the match.

NOTE 4: 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 the leases are the following:

<u>Years Ending December 31:</u>	
2020	\$ 69,120
2021	32,820
2022	32,820
2023	32,820
	<u>\$ 167,580</u>

Rental expense under operating leases for 2019 and 2018 was \$94,225 and \$81,960, respectively.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 5: NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATIONS

Designations are voluntary board of director approved segregations of net assets without restrictions 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 6: NET ASSETS WITH DONOR RESTRICTIONS

During 2019 and 2018, net assets of \$3,557,633 and \$1,264,902, 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 net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

At year end, AGE had net assets with donor restrictions for the following purposes.

Funding Source	Amount		Restrictions Imposed by Funding
	2019	2018	
<u>Contracts and grants</u>			
Montandon Charitable Trust	\$ 13,875	\$ -	HELP/AADC
Alice Kleberg Reynolds	5,000	7,500	Memory Connections
Tutakwa Foundation	5,000	5,000	HELP
Anderson Foundation	2,500	-	Various
Austin Community Foundations	-	42,500	RRADC/AADC
Moody Foundation	-	40,000	Memory Connections
Topfer Foundation	-	25,000	RRADC/AADC
Georgetown Health Foundation	-	5,000	Memory Connections
Theo Davis	-	3,000	RRADC/AADC
<u>Contributions</u>			
Gift cards	2,351	2,351	Adult Day Health Care Program
Carolyn Rice Bartlett	6,233	-	Rebranding
<u>Comprehensive major gifts campaign</u>			
Pledges from individuals	159,165	52,250	
Pledges from HEB	200,000	250,000	
St. David's Planning Grant	28,633	47,000	
LCR	-	42,500	
Total	<u>\$ 422,757</u>	<u>\$ 522,101</u>	

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 7: PROGRAM SERVICE FEES

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

	2019	2018
Adult Day Health Care	\$ 908,335	\$ 855,475
AGE Computer Lab	8,145	12,308
AGE Building		
Tenant rents	137,098	126,385
Fees - copies, postage & vending	8,964	5,225
	\$ 1,062,542	\$ 999,393
Total		

NOTE 8: 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:

	2019	2018
Contributed services		
Instructors/coaches	\$ 80,276	\$ 97,143
Media/communication	14,250	-
Software	300	1,253
	94,826	98,396
Contributed goods		
Gift cards	-	4,500
	\$ 94,826	\$ 102,896
Total		

NOTE 9: RELATED PARTY TRANSACTIONS

Certain members of the Board contributed \$25,071 and \$25,384 to AGE during the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018 there were pledges receivable from board members in the amount of \$35,665 and \$20,500, respectively.

NOTE 10: LINE OF CREDIT

On August 14, 2018, AGE obtained a \$250,000 line of credit with a bank. The line of credit bears interest at a rate of Wall Street Journal Prime plus .5% and matures on August 14, 2020. At December 31, 2019 and 2018, there were no outstanding draws on this line of credit. On August 14, 2020, AGE renewed the line of credit.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 11: SUBSEQUENT EVENTS

The COVID-19 outbreak and local stay-in-place orders have caused business disruptions throughout the local community. Management does not expect the situation to significantly impact the long-term viability of AGE. AGE applied for a Paycheck Protection Program loan made available through the passing of the Cares Act and received \$307,948 in April 2020. AGE expects a significant portion of it to be forgivable.