

**AUSTIN GROUPS FOR THE ELDERLY**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**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, 2022	5
Year ended December 31, 2021	6
Statement of Functional Expenses	
Year ended December 31, 2022	7
Year ended December 31, 2021	8
Statements of Cash Flows	9
Notes to Financial Statements	10



## **Independent Auditors' Report**

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

### **Opinion**

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

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, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Austin Groups for the Elderly and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Austin Groups for the Elderly's ability to continue as a going concern within one year after the date that the financial statements are issued.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Austin Groups for the Elderly's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Austin Groups for the Elderly's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

*Atchley & Associates LLP*

Austin, Texas  
September 26, 2023

**AUSTIN GROUPS FOR THE ELDERLY**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,894,946	\$ 307,357
Restricted cash	151,361	176,899
Total cash and cash equivalents	2,046,307	484,256
Receivables		
Program service fees, net	216,902	163,418
Pledges receivable, current portion	76,712	95,547
Tenant rents	1,071	4,097
Prepaid expenses	30,495	67,738
Total current assets	2,371,487	815,056
Fixed assets		
Land	181,695	181,695
Building and improvements	1,273,448	1,273,448
Furniture and equipment	172,120	170,811
Vehicles	388,853	388,853
Leasehold improvements	87,096	87,096
Construction in progress	3,797,087	2,105,407
Less accumulated depreciation	(1,837,869)	(1,794,515)
Net fixed assets	4,062,430	2,412,795
Pledges receivable, net	29,753	100,260
Right-of-use assets	84,325	-
Investments	4,751	5,677
Other assets	40,372	40,372
	\$ 6,593,118	\$ 3,374,160
	\$ 6,593,118	\$ 3,374,160
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 71,737	\$ 39,235
Deferred revenues	5,076	120
Accrued payroll	59,930	53,241
Vacation accrual payable	38,492	38,492
Current portion of operating lease obligation	42,539	-
Total current liabilities	217,774	131,088
Operating lease obligation, noncurrent portion	34,486	-
Security deposits held	6,873	5,796
	259,133	136,884
	259,133	136,884

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

**AUSTIN GROUPS FOR THE ELDERLY**  
**STATEMENTS OF FINANCIAL POSITION - CONTINUED**  
**DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
Net assets		
Net assets without donor restrictions		
Available for current operations	\$ 825,244	\$ 601,591
Board designations	24,751	20,000
Investment in fixed assets	4,062,430	2,412,795
Total net assets without donor restrictions	4,912,425	3,034,386
Net assets with donor restrictions	1,421,560	202,890
Total net assets	6,333,985	3,237,276
 <b>Total liabilities and net assets</b>	<b>\$ 6,593,118</b>	<b>\$ 3,374,160</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, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Grants and contracts	\$ 1,180,366	\$ 36,042	\$ 1,216,408
Emergency funding	-	-	-
Program service fees	640,198	-	640,198
Comprehensive major gifts campaign revenue	-	3,377,735	3,377,735
Contributions	352,529	-	352,529
Contributed non-financial assets	-	-	-
Fundraising event	97,772	-	97,772
Investment return, net	47,179	1,422	48,601
Other revenue	18,536	-	18,536
Net assets released from donor imposed restrictions	2,196,529	(2,196,529)	-
<b>Total revenues and other support</b>	<b>4,533,109</b>	<b>1,218,670</b>	<b>5,751,779</b>
<b>EXPENSES</b>			
Program services			
Adult day health care	1,242,307	-	1,242,307
AGE building	229,689	-	229,689
Caregiver resource center	518,742	-	518,742
AGE computer lab	57,744	-	57,744
Total program services	<u>2,048,482</u>	<u>-</u>	<u>2,048,482</u>
Supporting services			
Management and general	228,259	-	228,259
Fundraising	161,919	-	161,919
Comprehensive campaign	216,410	-	216,410
Total supporting services	<u>606,588</u>	<u>-</u>	<u>606,588</u>
<b>Total expenses</b>	<u>2,655,070</u>	<u>-</u>	<u>2,655,070</u>
<b>CHANGE IN NET ASSETS</b>	<b>1,878,039</b>	<b>1,218,670</b>	<b>3,096,709</b>
<b>NET ASSETS</b>			
Beginning of year	<u>3,034,386</u>	<u>202,890</u>	<u>3,237,276</u>
<b>End of year</b>	<u><u>\$ 4,912,425</u></u>	<u><u>\$ 1,421,560</u></u>	<u><u>\$ 6,333,985</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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Grants and contracts	\$ 556,011	\$ 22,500	\$ 578,511
Emergency funding	316,505	-	316,505
Program service fees	433,481	-	433,481
Comprehensive major gifts campaign revenue	-	195,212	195,212
Contributions	322,718	3,200	325,918
Contributed non-financial assets	15,044	-	15,044
Fundraising event	123,240	-	123,240
Investment return, net	59,423	64	59,487
Other revenue	28,575	-	28,575
Net assets released from donor imposed restrictions	815,136	(815,136)	-
<b>Total revenues and other support</b>	<b>2,670,133</b>	<b>(594,160)</b>	<b>2,075,973</b>
<b>EXPENSES</b>			
Program services			
Adult day health care	1,226,105	-	1,226,105
AGE building	135,515	-	135,515
Caregiver resource center	477,861	-	477,861
AGE computer lab	59,468	-	59,468
Total program services	<u>1,898,949</u>	<u>-</u>	<u>1,898,949</u>
Supporting services			
Management and general	144,154	-	144,154
Fundraising	47,096	-	47,096
Comprehensive campaign	297,039	-	297,039
Total supporting services	<u>488,289</u>	<u>-</u>	<u>488,289</u>
<b>Total expenses</b>	<b>2,387,238</b>	<b>-</b>	<b>2,387,238</b>
<b>CHANGE IN NET ASSETS</b>	<b>282,895</b>	<b>(594,160)</b>	<b>(311,265)</b>
<b>NET ASSETS</b>			
Beginning of year	<u>2,751,491</u>	<u>797,050</u>	<u>3,548,541</u>
<b>End of year</b>	<b>\$ 3,034,386</b>	<b>\$ 202,890</b>	<b>\$ 3,237,276</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, 2022**

	Program Services					Supporting Services				
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising	Comprehensive Campaign	Total		
<b>EXPENSES</b>										
Salaries	\$ 733,810	\$ 36,313	\$ 407,655	\$ 8,671	\$ 41,049	\$ 52,575	\$ -	\$ 1,280,073		
Payroll taxes	59,242	2,878	33,382	682	16,007	5,514	-	117,705		
Employee benefits	51,152	3,715	23,991	537	10,306	555	-	90,256		
Total personnel costs	844,204	42,906	465,028	9,890	67,362	58,644	-	1,488,034		
Activity expenses	5,793	-	180	-	-	-	-	5,973		
Advertising	998	-	817	-	26,202	1,047	-	29,064		
Board and employee development	7,708	-	764	-	9,958	4,993	-	23,423		
Comprehensive major gifts	-	-	-	-	-	-	216,410	216,410		
campaign expenses	-	-	-	-	-	-	-	-		
Contributed non-financial assets	-	-	-	-	-	-	-	-		
Copier lease and supplies	25,734	1,629	5,208	4	(732)	2,905	-	34,748		
Depreciation	-	43,354	-	-	-	-	-	43,354		
Dues and subscriptions	540	40	228	270	3,656	396	-	5,130		
Facilities rental	55,299	-	-	-	-	-	-	55,299		
Food and food supplies	89,307	-	-	-	32	-	-	89,339		
Fundraising events	-	-	-	-	-	-	-	-		
General fundraising costs	-	-	-	-	-	87,934	-	87,934		
Insurance	63,596	23,998	18,352	2,256	3,423	2,187	-	113,812		
Professional fees	54,577	-	2,096	44,165	57,440	490	-	158,768		
Program and office supplies	3,187	706	18,932	378	16,046	2,098	-	41,347		
Repairs and maintenance	13,777	66,736	-	-	-	38	-	80,551		
Technology services	11,732	198	6,801	781	39,609	624	-	59,745		
Utilities	9,538	48,380	-	-	-	-	-	57,918		
Vehicle operation and travel	56,317	1,742	336	-	5,263	563	-	64,221		
Total expenses	\$ 1,242,307	\$ 229,689	\$ 518,742	\$ 57,744	\$ 228,259	\$ 161,919	\$ 216,410	\$ 2,655,070		

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, 2021**

	Program Services				Supporting Services				Total
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising	Comprehensive Campaign		
<b>EXPENSES</b>									
Salaries	\$ 697,496	\$ 30,634	\$ 366,844	\$ 1,458	\$ 35,966	\$ 8,234	\$ 100,262	\$ 1,240,894	
Payroll taxes	55,173	2,319	29,459	113	13,614	611	6,862	108,151	
Employee benefits	65,007	3,499	32,093	257	2,981	1,194	9,619	114,650	
Total personnel costs	817,676	36,452	428,396	1,828	52,561	10,039	116,743	1,463,695	
Activity expenses	612	-	-	-	-	-	-	612	
Advertising	14,062	-	5,508	-	-	-	-	19,570	
Board and employee development	5,578	199	3,232	200	544	2,331	-	12,084	
Comprehensive major gifts	-	-	-	-	-	-	180,296	180,296	
campaign expenses	-	-	-	11,844	-	-	-	11,844	
Contributed non-financial assets	-	-	-	122	119	2,513	-	37,076	
Copier lease and supplies	26,695	1,928	5,699	807	7,009	-	-	69,433	
Depreciation	32,881	28,736	-	75	141	225	-	3,490	
Dues and subscriptions	2,124	140	785	-	-	-	-	60,823	
Facilities rental	60,823	-	-	-	-	-	-	64,080	
Food and food supplies	64,080	-	-	-	-	-	-	13,437	
Fundraising events	-	-	-	-	-	13,437	-	10,921	
General fundraising costs	-	-	-	-	-	10,921	-	44,936	
Insurance	24,648	7,299	9,853	662	1,716	758	-	156,525	
Professional fees	45,004	-	-	36,028	75,493	-	-	16,403	
Program and office supplies	6,361	162	6,869	892	399	1,720	-	60,365	
Repairs and maintenance	20,203	25,075	5,850	4,221	3,016	2,000	-	57,662	
Technology services	34,297	11,980	7,922	648	1,500	1,315	-	53,532	
Utilities	20,877	23,544	3,747	2,141	1,618	1,605	-	50,454	
Vehicle operation and travel	50,184	-	-	-	38	232	-		
Total expenses	\$ 1,226,105	\$ 135,515	\$ 477,861	\$ 59,468	\$ 144,154	\$ 47,096	\$ 297,039	\$ 2,387,238	

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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets (decrease)	\$ 3,096,709	\$ (311,265)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	43,354	69,433
Unrealized investment return	1,031	(177)
Right-of-use asset expense, net	(7,300)	-
Changes in assets and liabilities that provided (used) cash:		
Receivables	38,884	(46,160)
Prepaid expenses	37,243	(40,755)
Accounts payable	32,502	9,090
Deferred revenues	4,956	(1,080)
Accrued payroll	6,689	8,240
Vacation accrual payable	-	(2,567)
Security deposits held	1,077	512
	<u>3,255,145</u>	<u>(314,729)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(105)	(5,500)
Purchase of fixed assets	(1,692,989)	(4,673)
	<u>(1,693,094)</u>	<u>(10,173)</u>
<b>FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	1,562,051	(324,902)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>484,256</u>	<u>809,158</u>
<b>End of year</b>	<u>\$ 2,046,307</u>	<u>\$ 484,256</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, 2022 AND 2021**

**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 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, 2022 AND 2021**

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

Description of Organization - Continued

The following are programs under the **Caregiver Resource Center**:

- **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, 2022 AND 2021**

**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 2022 and 2021, 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, 2022 AND 2021**

**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.

**Contributed Non-Financial Assets:** Donated property and services are recorded at fair market value on the date of the donation as contributed non-financial assets 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, 2019, 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.

**Fair value measurements:** FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:



**AUSTIN GROUPS FOR THE ELDERLY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

**Fair value measurements: continued**

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models of other valuation methodologies; and

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

**Newly Adopted Accounting Pronouncements:** Effective January 1, 2022, AGE adopted the new lease accounting guidance in FASB ASU No. 2016-02, *Leases (Topic 842)*. AGE has elected the package of practical expedients permitted in FASB Accounting Standards Codification (ASC) Topic 842. Accordingly, AGE accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. See Note 4.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is expected to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. AGE adopted the ASU during the year ended December 31, 2022, and applied the ASU retrospectively to the year ended December 31, 2021. See Note 8.

**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 3 and 10.



**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 2: AVAILABILITY AND LIQUIDITY**

The following represents AGE's financial assets at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,894,946	\$ 307,357
Restricted cash	151,361	176,899
Receivables		
Program service fees, net	216,902	163,418
Pledges receivable, net	106,465	195,807
Tenant rents	1,071	4,097
Total financial assets	<u>2,370,745</u>	<u>847,578</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions, not related to on-going programs	(1,421,485)	(202,174)
Board designations	(24,751)	(20,000)
Total amount not available to be used within one year	<u>(1,446,236)</u>	<u>(222,174)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 924,509</u>	<u>\$ 625,404</u>

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, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 3: PLEDGES RECEIVABLE**

Pledges receivable at year-end are as follows:

	2022	2021
Receivable in less than one year	\$ 76,712	\$ 95,547
Allowance for uncollectible pledges	-	-
	<u>\$ 76,712</u>	<u>\$ 95,547</u>
Pledges due within one year	\$ 76,712	\$ 95,547
Receivable in one to five years	\$ 36,359	\$ 106,627
Allowance for uncollectible pledges	-	-
Unamortized present value discount	(6,606)	(6,367)
	<u>\$ 29,753</u>	<u>\$ 100,260</u>

Pledges receivable with due dates extending beyond one year are discounted using an approximate 4.45% discount rate. The annual amortization is reported as contributions with restrictions in the statement of activities. New pledges of \$198,695 and \$120,000 were received in 2022 and 2021, respectively. The allowance for uncollectible pledges and the present value discount are considered accounting estimates.

During the year ended December 31, 2022, AGE received a commitment in the form of a challenge grant in the amount of \$1,500,000 from a Foundation in support of the Thrive Comprehensive Major Gifts Campaign. The commitment will be used as an incentive for individual donors or foundations between April 12, 2022 to April 12, 2023. The challenge was completed and the Foundation paid the grant to AGE on May 30, 2023.

**NOTE 4: COMMITMENTS – OPERATING LEASES**

Operating Leases - The Organization has entered into various non-cancelable operating leases for office space and equipment. Total rent expense incurred by the Organization under these lease agreements was \$90,047 and \$97,899 for the years ended December 31, 2022 and 2021, respectively.

	2022
Operating lease cost:	
Amortization of right of use asset	\$ 3,528
Interest on lease obligation	272
Month-to-month lease expense	69,120
Operational cost sharing	17,127
	<u>\$ 90,047</u>
Current lease liability	\$ 42,539
Long - term lease liability	34,486
	<u>\$ 77,025</u>

**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 4: COMMITMENTS – OPERATING LEASES - CONTINUED**

Future minimum lease payments consisted of the following at December 31, 2022:

2023	\$	44,600
2024		42,900
	\$	87,500

**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. During 2021, the board set up an sustainability fund used for future operations, these funds are considered board designated. See Note 12.

**NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

During 2022 and 2021, net assets of \$2,196,529 and \$815,136, 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
	2022	2021	
<u>Contributions</u>			
Gift cards	\$ 75	\$ 716	Adult Day Health Care Program
<u>Comprehensive major gifts campaign</u>			
Contributions	1,308,414	-	
Pledges from HEB	50,000	100,000	
Pledges from individuals	63,071	102,174	
Total	\$ 1,421,560	\$ 202,890	

**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 7: PROGRAM SERVICE FEES**

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

	2022	2021
Adult Day Health Care	\$ 517,565	\$ 299,949
AGE Computer Lab	2,325	1,510
AGE Building		
Tenant rents	115,968	128,521
Fees - copies, postage & vending	4,340	3,501
	\$ 640,198	\$ 433,481
Total		

**NOTE 8: CONTRIBUTED NON-FINANCIAL ASSETS**

Contributed non-financial assets, good or 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. Instructors/coaches time is valued at the hourly rate set by the Independent Sector organization, in 2021 the rate per hour was \$28.54. Donated gift cards are valued at the stated value of the gift card donated.

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

	2022	2021
Contributed services		
Instructors/coaches	\$ -	\$ 11,844
Contributed goods		
Gift cards	-	3,200
	\$ -	\$ 15,044
Total		

AGE recognizes the contributed gift cards in contributions revenue on the statement of activities.

**NOTE 9: RELATED PARTY TRANSACTIONS**

Certain members of the Board contributed \$25,946 and \$10,000 to AGE during the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, there were pledges receivable from board members in the amount of \$17,841 and \$26,796, respectively.

**AUSTIN GROUPS FOR THE ELDERLY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**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%. At December 31, 2022 and 2021, there were no outstanding draws on this line of credit. On June 7, 2023, the line was increased to \$950,000 with maturity at June 7, 2024. The line is secured by AGE's land and building.

**NOTE 11: PAYCHECK PROTECTION PROGRAM**

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 two Paycheck Protection Program loans made available through the passing of the Cares Act and received \$307,900 in February 2021. AGE treated these funds as refundable grants and recognized the proceeds in emergency funding revenue on the statement of activities in the year of receipt, due to using the funds for the purposes provided by the program. AGE applied for forgiveness of the loans and received notification of forgiveness in November 2021.

**NOTE 12: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS**

AGE has an endowment fund agreement with the Austin Community Foundation (ACF) for which AGE is the sole named beneficiary. Disbursements may be made at the discretion of AGE's Board of Directors and with ACF's approval. ACF retains the rights to modify any condition or restriction on the distribution of funds if in their sole judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with area charitable needs. AGE measures its beneficial interest in assets held by the community foundations at fair value on a recurring basis, which as of December 31, 2022 and 2021, totaled \$4,751 and \$5,677, respectively.

	2022		2021	
	Fair Value Measurements Using Input Type		Fair Value Measurements Using Input Type	
	Level 2	Total	Level 2	Total
Portfolio investment pools				
ACF	\$ 4,751	\$ 4,751	\$ 5,677	\$ 5,677

AGE's methodology used to measure the fair values of portfolio investment pools were derived from valuation of underlying assets held by ACF.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

On May 5, 2022, AGE signed a contract for the construction of a property in South Austin with an estimated cost of \$5,696,246.