

AUSTIN GROUPS FOR THE ELDERLY
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2024 AND 2023

AUSTIN GROUPS FOR THE ELDERLY
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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, 2024 and 2023, 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, 2024 and 2023, 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' Responsibilities 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.

Austin, Texas

DATE

**AUSTIN GROUPS FOR THE ELDERLY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 172,421	\$ 650,603
Restricted cash	47,843	26,255
Total cash and cash equivalents	220,264	676,858
Receivables		
Accounts receivable, net	466,345	203,584
Pledges receivable, current portion	178,516	172,245
Tenant rents	-	2,379
Prepaid expenses	15,094	21,221
Total current assets	880,219	1,076,287
Fixed assets		
Land	1,886,942	181,695
Building and improvements	8,587,168	1,273,448
Furniture and equipment	172,120	172,120
Vehicles	504,952	504,952
Leasehold improvements	105,096	105,096
Construction in progress	-	8,107,421
Less accumulated depreciation	(2,054,110)	(1,864,565)
Net fixed assets	9,202,168	8,480,167
Pledges receivable, net	225,165	479,810
Right-of-use assets	226,752	149,747
Investments	5,777	5,384
Other assets	3,285	40,372
	\$ 10,543,366	\$ 10,231,767
	\$ 10,543,366	\$ 10,231,767
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 56,189	\$ 427,663
Deferred revenues	5,822	500,626
Accrued payroll	32,944	24,410
Vacation accrual payable	25,465	48,732
Line of credit	-	435,000
Current portion of debt	25,787	-
Current portion of operating lease obligation	70,722	47,575
Total current liabilities	216,929	1,484,006
Debt, noncurrent portion	1,182,617	-
Operating lease obligation, noncurrent portion	150,989	99,341
Security deposits held	9,311	8,058
	1,559,846	1,591,405
	1,559,846	1,591,405

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, 2024 AND 2023

	2024	2023
Net assets		
Net assets without donor restrictions		
Available for current operations	\$ 149,458	\$ (630,768)
Board designations	25,777	25,384
Investment in fixed assets	7,993,764	8,480,167
Total net assets without donor restrictions	8,168,999	7,874,783
Net assets with donor restrictions	814,521	765,579
Total net assets	8,983,520	8,640,362
 Total liabilities and net assets	 \$ 10,543,366	 \$ 10,231,767

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	\$ 1,466,232	\$ 357,210	\$ 1,823,442
Program service fees	846,689	-	846,689
Comprehensive major gifts campaign revenue	-	78,820	78,820
Contributions	728,564	-	728,564
Contributed non-financial assets	61,223	-	61,223
Fundraising event	115,123	-	115,123
Investment return, net	24,288	-	24,288
Employee retention credit grant	-	-	-
Other revenue	15,789	-	15,789
Net assets released from donor imposed restrictions	387,088	(387,088)	-
Total revenues and other support	3,644,996	48,942	3,693,938
EXPENSES			
Program services			
Adult day health care	1,473,717	-	1,473,717
AGE building	449,549	-	449,549
Caregiver resource center	527,959	-	527,959
AGE computer lab	29,841	-	29,841
Total program services	<u>2,481,066</u>	<u>-</u>	<u>2,481,066</u>
Supporting services			
Management and general	433,141	-	433,141
Fundraising	347,775	-	347,775
Comprehensive campaign	88,798	-	88,798
Total supporting services	<u>869,714</u>	<u>-</u>	<u>869,714</u>
Total expenses	3,350,780	-	3,350,780
CHANGE IN NET ASSETS	294,216	48,942	343,158
NET ASSETS			
Beginning of year	<u>7,874,783</u>	<u>765,579</u>	<u>8,640,362</u>
End of year	\$ 8,168,999	\$ 814,521	\$ 8,983,520

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	\$ 708,267	\$ -	\$ 708,267
Program service fees	806,810	-	806,810
Comprehensive major gifts campaign revenue	-	2,659,813	2,659,813
Contributions	313,665	-	313,665
Contributed non-financial assets	-	-	-
Fundraising event	128,371	-	128,371
Investment return, net	61,955	7,296	69,251
Employee retention credit grant	688,000	-	688,000
Other revenue	15,085	-	15,085
Net assets released from donor imposed restrictions	3,323,090	(3,323,090)	-
Total revenues and other support	6,045,243	(655,981)	5,389,262
EXPENSES			
Program services			
Adult day health care	1,406,811	-	1,406,811
AGE building	183,055	-	183,055
Caregiver resource center	534,612	-	534,612
AGE computer lab	39,956	-	39,956
Total program services	<u>2,164,434</u>	<u>-</u>	<u>2,164,434</u>
Supporting services			
Management and general	490,587	-	490,587
Fundraising	281,314	-	281,314
Comprehensive campaign	146,550	-	146,550
Total supporting services	<u>918,451</u>	<u>-</u>	<u>918,451</u>
Total expenses	3,082,885	-	3,082,885
CHANGE IN NET ASSETS	2,962,358	(655,981)	2,306,377
NET ASSETS			
Beginning of year	<u>4,912,425</u>	<u>1,421,560</u>	<u>6,333,985</u>
End of year	\$ 7,874,783	\$ 765,579	\$ 8,640,362

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, 2024

	<u>Program Services</u>				<u>Supporting Services</u>			Total
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising	Comprehensive Campaign	
EXPENSES								
Salaries	\$ 886,235	\$ 63,981	\$ 446,697	\$ 21,646	\$ 70,515	\$ 188,540	\$ -	\$ 1,677,614
Payroll taxes	40,187	5,691	29,186	1,073	43,623	18,373	-	138,133
Employee benefits	69,845	5,195	19,873	960	5,753	19,142	-	120,768
Total personnel costs	<u>996,267</u>	<u>74,867</u>	<u>495,756</u>	<u>23,679</u>	<u>119,891</u>	<u>226,055</u>	<u>-</u>	<u>1,936,515</u>
Activity expenses	13,890	1	-	-	31	79	-	14,001
Advertising	-	-	660	-	16,011	26	-	16,697
Bad debt expense	1,723	-	-	-	-	-	5,765	7,488
Bank interest expense	-	-	-	-	-	-	76,876	76,876
Board and employee development	2,818	480	378	37	15,552	1,330	-	20,595
Comprehensive major gifts campaign expenses	177	4,387	30	-	-	19	4,121	8,734
Copier lease and supplies	20,639	3,826	5,226	-	4,923	2,918	-	37,532
Depreciation	29,350	160,195	-	-	-	-	-	189,545
Dues and subscriptions	1,413	505	226	47	18,155	6,116	1,576	28,038
Facilities rental	66,397	-	-	-	-	-	-	66,397
Food and food supplies	100,432	126	-	-	310	-	-	100,868
General fundraising costs	-	-	3,398	-	626	97,448	-	101,472
In-kind expenses	61,223	-	-	-	-	-	-	61,223
Insurance	-	-	-	-	73,316	-	-	73,316
Professional fees	69,392	-	5,225	5,698	99,868	1,917	-	182,100
Program and office supplies	8,601	2,530	9,245	-	18,377	450	-	39,203
Repairs and maintenance	25,936	103,662	213	-	295	-	-	130,106
Technology services	11,507	10,339	6,600	380	60,437	11,316	460	101,039
Utilities	11,322	86,563	-	-	-	-	-	97,885
Vehicle operation and travel	52,630	2,068	1,002	-	5,349	101	-	61,150
Total expenses	<u>\$ 1,473,717</u>	<u>\$ 449,549</u>	<u>\$ 527,959</u>	<u>\$ 29,841</u>	<u>\$ 433,141</u>	<u>\$ 347,775</u>	<u>\$ 88,798</u>	<u>\$ 3,350,780</u>

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, 2023**

	<u>Program Services</u>				<u>Supporting Services</u>			Total
	Adult Day Health Care	AGE Building	Caregiver Resource Center	AGE Computer Lab	Management & General	Fund Raising	Comprehensive Campaign	
EXPENSES								
Salaries	\$ 789,201	\$ 38,537	\$ 404,298	\$ 8,744	\$ 68,064	\$ 125,490	\$ -	\$ 1,434,334
Payroll taxes	63,395	3,068	32,471	658	14,265	8,971	-	122,828
Employee benefits	57,402	2,801	29,407	633	2,787	9,053	-	102,083
Total personnel costs	<u>909,998</u>	<u>44,406</u>	<u>466,176</u>	<u>10,035</u>	<u>85,116</u>	<u>143,514</u>	<u>-</u>	<u>1,659,245</u>
Activity expenses	12,984	-	3	-	6	56	-	13,049
Advertising	1,263	5	2,148	-	36,149	109	-	39,674
Bad debt expense	65,418	-	-	-	2,903	-	-	68,321
Bank interest expense	-	-	-	-	-	-	3,629	3,629
Board and employee development	4,736	-	4,287	-	17,183	1,622	-	27,828
Comprehensive major gifts campaign expenses	-	-	-	-	-	-	138,608	138,608
Copier lease and supplies	19,732	1,250	3,994	-	4,910	2,230	-	32,116
Depreciation	-	26,696	-	-	-	-	-	26,696
Dues and subscriptions	1,673	60	1,690	338	7,318	4,402	99	15,580
Facilities rental	42,805	-	5,767	3,081	2,872	2,664	-	57,189
Food and food supplies	114,093	-	-	-	4	-	-	114,097
General fundraising costs	32	-	6,062	-	-	104,284	-	110,378
In-kind expenses	-	-	-	-	-	-	-	-
Insurance	33,598	4,001	6,073	364	29,685	404	-	74,125
Professional fees	124,283	-	10,911	25,638	222,302	-	3,750	386,884
Program and office supplies	5,006	287	17,038	-	15,723	609	-	38,663
Repairs and maintenance	19,637	50,084	-	-	655	-	-	70,376
Technology services	11,830	140	8,974	500	53,621	21,100	-	96,165
Utilities	10,558	56,026	-	-	4,338	-	464	71,386
Vehicle operation and travel	29,165	100	1,489	-	7,802	320	-	38,876
Total expenses	<u>\$ 1,406,811</u>	<u>\$ 183,055</u>	<u>\$ 534,612</u>	<u>\$ 39,956</u>	<u>\$ 490,587</u>	<u>\$ 281,314</u>	<u>\$ 146,550</u>	<u>\$ 3,082,885</u>

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, 2024 AND 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets (decrease)	\$ 343,158	\$ 2,306,377
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	189,545	26,696
Unrealized investment return	(393)	(633)
Right-of-use asset expense, net	(2,210)	4,469
Bad debt expense	7,488	68,321
Changes in assets and liabilities that provided (used) cash:		
Receivables	(19,496)	(601,901)
Prepaid expenses	6,127	9,274
Accounts payable	(371,474)	355,926
Deferred revenues	(494,804)	495,550
Accrued payroll	8,534	(35,520)
Vacation accrual payable	(23,267)	10,240
Security deposits held	1,253	1,185
	<u>(355,539)</u>	<u>2,639,984</u>
Net cash provided by (used by) operating activities		
INVESTING ACTIVITIES		
Purchase of fixed assets	(874,459)	(4,444,433)
Net cash provided by (used by) investing activities	<u>(874,459)</u>	<u>(4,444,433)</u>
FINANCING ACTIVITIES		
Net activity from line of credit	(435,000)	435,000
Payments on loan	(66,596)	-
Proceeds from loan	1,275,000	-
Net cash provided by (used by) financing activities	<u>773,404</u>	<u>435,000</u>
NET INCREASE (DECREASE) IN CASH	(456,594)	(1,369,449)
CASH AND CASH EQUIVALENTS		
Beginning of year	676,858	2,046,307
End of year	\$ 220,264	\$ 676,858
Supplemental Information		
Interest paid	\$ 76,876	\$ 3,629
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, 2024 AND 2023**

**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. Today, AGE's Board of Directors remains true to the original goals of the founders: continuing to offer rental space 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.

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

In June 2024, AGE entered into an agreement with Aging Services Council of Central Texas to serve as a fiscal sponsor for Aging Services Council of Central Texas. This agreement directly aligns with the mission and vision of AGE of a society where aging is a shared journey with support from the community. As fiscal sponsor, AGE's duties include receiving and administering donation or grants on behalf of the Aging Services Council of Central Texas. This agreement will remain in force for two years.

The mission of AGE is accomplished by the following:

- AGE's **Adult Day Health Care** program, known as Thrive Centers, 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 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.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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

Description of Organization - Continued

- 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.

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.

AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Summary of Significant Accounting Policies - Continued

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.

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 credit losses. 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 credit losses. At year-end 2024 and 2023, no allowance for credit losses is considered necessary. The allowance for credit losses 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.

AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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:

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.

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. All contributed non-financial assets were used in program services.

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, 2021, 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.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

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

Summary of Significant Accounting Policies - Continued

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:

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.

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 Note 14.

NOTE 2: AVAILABILITY AND LIQUIDITY

The following represents AGE's financial assets at December 31, 2024 and 2023:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 172,421	\$ 650,603
Restricted cash	47,843	26,255
Receivables		
Accounts receivable, net	466,345	203,584
Pledges receivable, net	403,681	652,055
Tenant rents	-	2,379
Total financial assets	1,090,290	1,534,876
Less amounts not available to be used within one year:		
Net assets with donor restrictions, not related to on-going programs	(457,311)	(765,579)
Board designations	(25,777)	(25,384)
Total amount not available to be used within one year	(483,088)	(790,963)
Financial assets available to meet cash needs for general expenditures within one year	\$ 607,202	\$ 743,913

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2: AVAILABILITY AND LIQUIDITY - CONTINUED

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.

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, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

NOTE 3: CONCENTRATION OF RISK

Financial instruments that potentially subject AGE to concentrations of credit risk consist principally of cash deposits. At December 31, 2024, AGE had no cash deposits in banks in excess of FDIC limits.

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable at year-end are as follows:

	2024	2023
Receivable in less than one year	\$ 178,516	\$ 172,245
Allowance for uncollectible pledges	-	-
Pledges due within one year	\$ 178,516	\$ 172,245
Receivable in one to five years	\$ 278,795	\$ 593,334
Unamortized present value discount	(53,630)	(113,524)
	\$ 225,165	\$ 479,810

Pledges receivable with due dates extending beyond one year are discounted using an approximate 4.25% discount rate. The annual amortization is reported as contributions with restrictions in the statement of activities. New pledges of \$0 and \$1,128,841 were received in 2024 and 2023, respectively. The allowance for uncollectible pledges and the present value discount are considered accounting estimates.

Two of AGE's donors account for 51% of pledge receivables as of December 31, 2024. For December 31, 2023, two donors accounted for 45% of pledge receivables.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 5: COMMITMENTS – OPERATING LEASES

Operating Leases - AGE has entered into various non-cancelable operating leases for office space and equipment. Total rent expense incurred by AGE under these lease agreements was \$100,522 and \$88,330 for the years ended December 31, 2024 and 2023, respectively.

	2024	2023
Operating lease cost:		
Amortization of right of use asset	\$ 73,870	\$ 73,370
Month-to-month lease expense	3,950	-
Operational cost sharing	22,702	14,960
Total operating lease cost	\$ 100,522	\$ 88,330
Current lease liability	\$ 70,722	\$ 47,575
Long - term lease liability	150,989	99,341
	\$ 221,711	\$ 146,916
Weighted average interest rate	4.14%	4.01%

Future minimum lease payments consisted of the following at December 31, 2024:

2025	\$ 82,820
2026	85,220
2027	82,920
2028	11,910
Thereafter	1,975
Total undiscounted lease liabilities	264,845
Less: risk-free rate discount	(43,134)
Total lease liabilities	\$ 221,711

NOTE 6: 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 a sustainability fund to be used for future operations. These funds are considered board designated. See Note 13.

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

During 2024 and 2023, net assets of \$1,054,837 and \$3,323,090, 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	
	2024	2023
<u>Grants</u>		
St David's Foundation	\$ 357,210	\$ -
<u>Comprehensive major gifts campaign</u>		
Pledges from individuals	457,311	765,579
Total	\$ 814,521	\$ 765,579

NOTE 8: PROGRAM SERVICE FEES

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

	2024	2023
Adult Day Health Care	\$ 670,342	\$ 661,029
AGE Computer Lab	4,550	5,550
AGE Building		
Tenant rents	168,976	136,236
Fees - copies, postage & vending	2,821	3,995
Total	\$ 846,689	\$ 806,810

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 9: CONTRIBUTED GOODS

Contributed goods are reported in the financial statements as support if the goods are used in conducting program services. Contributed goods 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 that have been reflected in the financial statements:

	2024	2023
Contributed goods		
Donated Incontinence Supply	\$ 27,961	\$ -
Donations to HELP	33,262	-
	\$ 61,223	\$ -

NOTE 10: RELATED PARTY TRANSACTIONS

Certain members of the Board contributed \$3,667 and \$48,600 to AGE during the years ended December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, there were pledges receivable from board members in the amount of \$22,795 and \$57,067, respectively.

NOTE 11: 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%. On June 7, 2023, the line was increased to \$950,000 with maturity at June 7, 2024. On May 13, 2024, the line of credit increased to \$1,275,000 with maturity at September 7, 2024. At December 31, 2024 and 2023, there were outstanding draws on this line of credit of \$0 and \$435,000, respectively. The line of credit was converted to a bank loan on October 4, 2024. See Note 12.

NOTE 12: LONG-TERM DEBT

Long-term debt includes the following as of December 31:

	2024	2023
Converted line of credit with initial balance of \$1,275,000. The loan bears interest at 6.776%, with 59 monthly payments of \$8,909, and a balloon payment at the maturity date of October 4, 2029. The loan is secured by AGE's land and buildings. See Note 11.	\$ 1,208,404	\$ -

**AUSTIN GROUPS FOR THE ELDERLY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 12: LONG-TERM DEBT - CONTINUED

Expected maturities of long-term debt by year are as follow:

<u>Year ending December 31,</u>		
2025	\$	25,787
2026		27,710
2027		29,647
2028		31,719
2029		1,093,541
	<u>\$</u>	<u>1,208,404</u>

Interest expense amounted to \$76,876 and \$3,629 for the years ended December 31, 2024 and 2023, respectively.

NOTE 13: 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, 2024 and 2023, totaled \$5,777 and \$5,384, respectively.

	<u>2024</u>		<u>2023</u>	
	Fair Value Measurements		Fair Value Measurements	
	Using Input Type		Using Input Type	
Portfolio investment pools	<u>Level 2</u>	<u>Total</u>	<u>Level 2</u>	<u>Total</u>
ACF	<u>\$ 5,777</u>	<u>\$ 5,777</u>	<u>\$ 5,384</u>	<u>\$ 5,384</u>

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

NOTE 14: SUBSEQUENT EVENTS

During 2025, AGE entered into an agreement for the sale of their location at Cedar Street in Austin, Texas for \$7,800,000 with a closing date in November 2025. After the closing, AGE shall continue in the building under a commercial lease expiring on or before June 30, 2026.

In November 2025, AGE entered into a contract to buy land and buildings located along Guadalupe Street in Austin, Texas for \$3,700,000 with a closing date in December 2025.