

**FRIENDS FOR LIFE**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
AUGUST 31, 2020 AND 2019**

**(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**



**FRIENDS FOR LIFE**

TABLE OF CONTENTS

FOR THE YEARS ENDED  
AUGUST 31, 2020 AND 2019

	<b><u>Page Number</u></b>
Independent Auditor's Report.....	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	3
Statements of Activities.....	4 - 5
Statements of Functional Expenses .....	6 - 9
Statements of Cash Flows.....	10
Notes to the Financial Statements.....	11 - 17

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Friends for Life  
Waco, Texas

We have audited the accompanying financial statements of Friends for Life, (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of August 31, 2020 and 2019, 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.

### ***Auditor's 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 audits 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 auditor's 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 auditor considers 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.

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### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends for Life as of August 31, 2020 and 2019, 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas  
July 20, 2021

**FINANCIAL STATEMENTS**

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**FRIENDS FOR LIFE**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
<b>Current assets:</b>		
Cash and cash equivalents	\$ 172,202	\$ 12,267
Pledges receivable, net of allowance of \$1,000 and \$1,000, respectively	1,850	1,850
Accounts receivable, net of allowance of \$5,995 and \$5,955, respectively	118,788	130,795
Other current assets	11,522	5,827
Total current assets	304,362	150,739
<b>Non-current assets:</b>		
Deposit	5,323	5,323
Property, building and equipment, net of accumulated depreciation	1,956,914	2,020,577
Total non-current assets	1,962,237	2,025,900
Total assets	\$ 2,266,599	\$ 2,176,639
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 8,534	\$ 50,823
Accrued liabilities	266,455	222,928
Line of credit to bank	2,166	35,174
Current portion of long-term notes payable	123,791	189,432
Total current liabilities	400,946	498,357
<b>Noncurrent liabilities:</b>		
Long-term notes payable, net of current maturities	1,339,252	965,127
Total liabilities	1,740,198	1,463,484
<b>Net assets:</b>		
Without donor restrictions	526,401	713,155
Total net assets	526,401	713,155
Total liabilities and net assets	\$ 2,266,599	\$ 2,176,639

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

**FRIENDS FOR LIFE**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

	Without Donor Restrictions	With Donor Restrictions	2020 Total
<b>PUBLIC SUPPORT AND REVENUES</b>			
Cash contributions	\$ 381,785	\$ -	\$ 381,785
Gifts in kind	186,859	-	186,859
Grants and contracts	217,175	-	217,175
Program revenues	2,213,294	-	2,213,294
Non-program revenues	38,603	-	38,603
Special events	100	-	100
Total support and revenues	<u>3,037,816</u>	-	<u>3,037,816</u>
<b>EXPENSES</b>			
Program services:			
Registered professional guardianship	1,285,424	-	1,285,424
Money management	158,179	-	158,179
Independent living programs	144,634	-	144,634
Adult day care	751,570	-	751,570
Life skills training	418,414	-	418,414
Tool shop	149,541	-	149,541
Total program services	<u>2,907,762</u>	-	<u>2,907,762</u>
Supporting services:			
Management and general	316,808	-	316,808
Fund raising	-	-	-
Total supporting services	<u>316,808</u>	-	<u>316,808</u>
Total expenses	<u>3,224,570</u>	-	<u>3,224,570</u>
<b>DECREASE IN NET ASSETS</b>	( 186,754)	-	( 186,754)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>713,155</u>	-	<u>713,155</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 526,401</u>	<u>\$ -</u>	<u>\$ 526,401</u>

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

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>
\$ 196,559	\$ -	\$ 196,559
89,054	-	89,054
224,270	-	224,270
2,248,304	-	2,248,304
2,661	-	2,661
<u>6,618</u>	<u>-</u>	<u>6,618</u>
2,767,466		2,767,466
1,144,869	-	1,144,869
108,036	-	108,036
315,715	-	315,715
684,080	-	684,080
-	-	-
-	-	-
<u>2,252,700</u>	<u>-</u>	<u>2,252,700</u>
532,443	-	532,443
<u>5,086</u>	<u>-</u>	<u>5,086</u>
537,529		537,529
<u>2,790,229</u>	<u>-</u>	<u>2,790,229</u>
( 22,763)	-	( 22,763)
<u>735,918</u>	<u>-</u>	<u>735,918</u>
<u>\$ 713,155</u>	<u>\$ -</u>	<u>\$ 713,155</u>

## FRIENDS FOR LIFE

### STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2020

	Program Expenses				
	Registered Professional Guardianship	Money Management	Independent Living Programs	Adult Day Care	Life Skills Training
Salaries	\$ 968,340	\$ 135,519	\$ 110,102	\$ 488,259	\$ 372,124
Employee benefits	<u>32,993</u>	<u>6,342</u>	<u>336</u>	<u>30,292</u>	<u>14,771</u>
Total personnel	1,001,333	141,861	110,438	518,551	386,895
Specific assistance to individuals	9,622	102	834	86,008	-
Accounting fees	5,285	677	677	3,252	1,762
Legal fees	4,069	23	23	949	59
Supplies	7,180	1,247	552	12,024	1,543
Gifts in kind-supplies	-	-	14,010	16,436	-
Telephone	11,864	470	218	544	37
Postage and shipping	1,779	2,336	810	565	276
Occupancy	52,977	3,269	4,828	26,693	2,077
Gifts in kind-occupancy	55,973	-	-	-	-
Equipment rental and maintenance	9,280	1,295	1,190	12,470	3,094
Printing and publications	442	-	653	-	-
Conferences, conventions, etc.	6,308	-	-	695	-
Interest	24,020	3,080	3,080	14,782	8,007
Insurance	13,714	1,758	1,758	13,139	4,571
Depreciation	30,248	-	3,361	39,491	5,041
Automobile expense	51,330	2,061	1,928	1,618	5,052
Miscellaneous	<u>-</u>	<u>-</u>	<u>274</u>	<u>4,353</u>	<u>-</u>
Total expenses before depreciation	284,091	16,318	34,196	233,019	31,519
Total expenses	<u>\$ 1,285,424</u>	<u>\$ 158,179</u>	<u>\$ 144,634</u>	<u>\$ 751,570</u>	<u>\$ 418,414</u>

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

Program Expenses		Supporting Service Expenses			2020
Tool Shop	Total Program Expenses	General and Administrative	Fund Raising	Total Supporting Service Expenses	Total Expenses
\$ 31,183	\$ 2,105,527	\$ 271,081	\$ -	\$ 271,081	\$ 2,376,608
-	84,734	11,218	-	11,218	95,952
31,183	2,190,261	282,299	-	282,299	2,472,560
-	96,566	-	-	-	96,566
271	11,924	1,626	-	1,626	13,550
9	5,132	54	-	54	5,186
195	22,741	1,041	-	1,041	23,782
-	30,446	-	-	-	30,446
211	13,344	3,635	-	3,635	16,979
812	6,578	255	-	255	6,833
14,011	103,855	7,281	-	7,281	111,136
100,440	156,413	-	-	-	156,413
476	27,805	2,855	-	2,855	30,660
-	1,095	256	-	256	1,351
-	7,003	172	-	172	7,175
1,230	54,199	7,391	-	7,391	61,590
703	35,643	4,219	-	4,219	39,862
-	78,141	4,509	-	4,509	82,650
-	61,989	237	-	237	62,226
-	4,627	978	-	978	5,605
118,358	717,501	34,509	-	34,509	752,010
\$ 149,541	\$ 2,907,762	\$ 316,808	\$ -	\$ 316,808	\$ 3,224,570

## FRIENDS FOR LIFE

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2019

	Program Expenses				Total Program Expenses
	Registered Professional Guardianship	Money Management	Independent Living Programs	Adult Day Care	
Salaries	\$ 946,837	\$ 88,975	\$ 291,471	\$ 452,247	\$ 1,779,530
Employee benefits	-	-	-	-	-
Total personnel	<u>946,837</u>	<u>88,975</u>	<u>291,471</u>	<u>452,247</u>	<u>1,779,530</u>
Specific assistance to individuals	8,125	78	966	103,382	112,551
Accounting fees	-	-	-	-	-
Legal fees	2,519	-	-	1,131	3,650
Supplies	1,782	259	389	11,915	14,345
Gifts in kind-supplies	7,675	926	761	19,419	28,781
Telephone	2,945	-	-	-	2,945
Postage and shipping	2,060	275	-	-	2,335
Occupancy	50,638	4,630	5,763	23,926	84,957
Gifts in kind-occupancy	17,631	4,478	2,239	27,987	52,335
Equipment rental and maintenance	-	-	-	8,210	8,210
Printing and publications	-	-	-	-	-
Conferences, conventions, etc.	9,330	-	-	595	9,925
Interest	400	-	-	-	400
Insurance	-	-	-	-	-
Depreciation	19,584	3,194	6,444	30,668	59,890
Automobile expense	75,343	5,221	7,682	1,610	89,856
Miscellaneous	-	-	-	2,990	2,990
Total expenses before depreciation	<u>198,032</u>	<u>19,061</u>	<u>24,244</u>	<u>231,833</u>	<u>473,170</u>
 Total expenses	 <u>\$ 1,144,869</u>	 <u>\$ 108,036</u>	 <u>\$ 315,715</u>	 <u>\$ 684,080</u>	 <u>\$ 2,252,700</u>

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

Supporting Service Expenses

General and Administrative	Fund Raising	Total Supporting Service Expenses	2019 Total Expenses
\$ 245,214	\$ -	\$ 245,214	\$ 2,024,744
<u>87,069</u>	<u>-</u>	<u>87,069</u>	<u>87,069</u>
332,283	-	332,283	2,111,813
-	-	-	112,551
3,050	-	3,050	3,050
118	-	118	3,768
10,342	-	10,342	24,687
1,984	2,316	4,300	33,081
570	-	570	3,515
2,261	-	2,261	4,596
22,590	-	22,590	107,547
1,959	1,679	3,638	55,973
15,417	-	15,417	23,627
2,699	-	2,699	2,699
-	-	-	9,925
66,414	-	66,414	66,814
35,475	-	35,475	35,475
21,873	1,091	22,964	82,854
1,960	-	1,960	91,816
<u>13,448</u>	<u>-</u>	<u>13,448</u>	<u>16,438</u>
200,160	5,086	205,246	678,416
<u>\$ 532,443</u>	<u>\$ 5,086</u>	<u>\$ 537,529</u>	<u>\$ 2,790,229</u>

**FRIENDS FOR LIFE**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ ( 186,754)	\$ ( 22,763)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	8,944	8,944
Depreciation	82,650	82,854
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	( 2,632)	( 19,298)
(Increase) decrease in prepaid insurance	-	9,060
Increase (decrease) in accounts payable	( 42,289)	7,180
Increase (decrease) in accrued liabilities	<u>43,527</u>	<u>19,711</u>
Net cash (used) provided by operating activities	( 96,554)	85,688
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>( 18,987)</u>	<u>( 5,602)</u>
Net cash used by investing activities	( 18,987)	( 5,602)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in line of credit	( 33,008)	705
Payment of borrowings	( 161,816)	( 90,944)
Proceeds from long-term borrowings	<u>470,300</u>	<u>-</u>
Net cash provided (used) by financing activities	275,476	( 90,239)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	159,935	( 10,153)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>12,267</u>	<u>22,420</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ <u>172,202</u>	\$ <u>12,267</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest paid	\$ <u>61,590</u>	\$ <u>66,814</u>

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



# FRIENDS FOR LIFE

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020 and 2019

### 1. NATURE OF OPERATIONS

#### **Organization**

Friends for Life (the "Organization") is a Texas private nonprofit organization chartered in September 1989. The Organization is dedicated to helping the elderly and people with disabilities live independently as long as possible and providing care for those who are unable to care for themselves. The Organization accomplishes these goals by providing the following programs: registered professional guardianship, money management, independent living programs, adult day care, and intergenerational programs.

#### **Program Services and Activities**

The following program and supporting services are included in the accompanying financial statements:

Registered Professional Guardianship – Friends for Life offers guardianship service in 82 Texas counties. The Organization serves as guardian when the judge determines a person lacks capacity and there is no family member qualified and willing to serve as a guardian. Friends for Life served approximately 450 people through its guardianship program last year.

Money Management – In multiple counties, Friends for Life staff intercedes with creditors, helps with budgets, assists with accessing benefits, balances checkbooks, reconciles bank statements and pays bills. Friends for Life also helps people access benefits and connect with resources in the community.

Independent Living Programs – For over twenty-eight years, Friends for Life has been recruiting, training and organizing volunteers to help the elderly live independently as long as possible and to improve their quality of life. The Organization helps the elderly continue to live in their own homes.

Adult Day Care – In June 2000, Friends for Life took over an adult day care program in Waco, Texas that was scheduled to close. The center is open from 7:30am to 6pm, Monday through Friday and provides nursing care, meals, transportation, activities, social interaction, exercise programs and more. Friends for Life serves approximately 120 people through its Adult Day Care program.

Life Skills Training – In 2020, Friends for Life started a Life Skill Program. It is a one-on-one program in which staff work individually with clients who have developmental disabilities, teaching them skills to help them be more independent within the facility setting and possibly assisting with their move back into the community. Approximately 96 individuals were served in this program.

Tool Shop – The tool shop is a place where donors can donate tools that are sold at a reduced cost. This program provides opportunities for the disabled and retirees to learn and interact with other people with volunteer assistance.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

#### **Basis of Presentation**

Net assets, revenues, gains and losses are classified on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and the changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Such net assets are available for any purpose consistent with the Organizations mission. Designations of net assets by the governing board do not have the same legal requirements as do restrictions of funds and are included in this category.

*Net Assets With Donor Restrictions* – Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Organization and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **Designation of Net Assets Without Donor Restrictions**

It is the policy of the Board of Directors of the Organization to review its plans for future improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions. As of August 31, 2020, and 2019, there were no net assets designated by the Board of Directors.

### **Use of Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Organization's most significant estimates include useful lives of property, plant and equipment and the allowance for uncollectible accounts and pledges.

### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of August 31, 2020, and 2019, the Organization did not have any cash equivalents.

### **Contributions and Pledges**

The Organization records unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. The Organization recognizes conditional promises to give when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

The Organization uses the allowance method to determine the collectability of pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. As of August 31, 2020, and 2019, the Organization had pledge allowances of \$1,000 and \$1,000, respectively.

### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated at the amount management expects to collect or be reimbursed from granting agencies as part of providing program services. Management reviews grants receivable on a periodic basis and records a provision for doubtful accounts based on the review of outstanding receivables, historical collection information, and existing economic conditions. As of August 31, 2020, and 2019, the Organization had allowances of \$5,955 and \$5,955, respectively.

### **Property, Plant and Equipment**

The Organization capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased assets are capitalized at cost. Donations of noncash assets are recorded at their fair market value.

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over their following estimated useful lives:

Buildings	15-40 years
Furniture & Equipment	5-10 years
Vehicles	5-7 years

Maintenance and minor repairs are charged to operations when incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in current operations.

### **Public Support and Revenue**

The Organization has contracts with Texas Department of Aging and Disability Services to provide guardianship services for incapacitated people in several regions in Texas and to provide adult day care services for the elderly and people with disabilities in Waco. The Organization also receives reimbursement for services from several counties and from individuals. Fees for services are a large part of the revenues of the Organization.

Grants and other contributions of cash and other assets are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limits the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions. The Organization recognizes grant revenue after it has fulfilled all specific requirements as listed out in the grant contracts which signify the Organization has become eligible for reimbursement.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Expenses are recognized as incurred.

### **Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

### **Income Taxes**

The Organization was granted tax-exempt status under Section 501(c) (3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements. The Organization has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) (1) and 170(b) (1) (A) (VI) of the code.

The Organization's tax returns are generally no longer subject to examination by the Internal Revenue Service for three years after filing.

### 3. PROPERTY, BUILDINGS AND EQUIPMENT

Property, buildings and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Buildings	\$ 1,571,589	\$ 1,571,589
Building improvements	990,001	977,851
Office furniture and equipment	450,623	448,594
Computers	81,047	76,238
Software	27,113	27,113
Vehicles	160,043	160,043
Land	286,588	286,588
Land Improvements	11,998	11,998
Medical Equipment	<u>19,235</u>	<u>19,235</u>
Total property, buildings and equipment	3,598,237	3,579,249
Less accumulated depreciation	<u>( 1,641,323)</u>	<u>( 1,558,672)</u>
Net property, buildings and equipment	<u>\$ 1,956,914</u>	<u>\$ 2,020,577</u>

Depreciation charged as an expense for the years ended August 31, 2020 and 2019, was \$82,650 and \$82,854, respectively.

### 4. NOTES PAYABLE

The Organization's short-term and long-term debt consists of the following:

	<u>2020</u>	<u>2019</u>
Installment note payable to American Bank; original amount \$1,600,000; monthly payment is \$9,383; interest rate, 4.5%; matures on 04/10/2031; secured by real estate	\$ 915,520	\$ 979,618
Installment note payable to American Bank; original amount \$125,000; monthly payment is \$1,037; interest rate 5.75%; matures on 1/25/2025; secured by all tangible personal property of the Organization	48,292	57,666
Installment note payable to American Bank; original amount \$100,000; the note is payable monthly and matures in November 2021; interest rate 5.00%; secured by all tangible personal property of the Organization	48,931	81,275
0.00% interest promissory note; original amount \$30,000; principal amount due and payable in one payment as soon as the funds are available	-	18,000
0.00% interest promissory note; original amount \$20,000; principal amount due and payable in one payment as soon as the funds are available	<u>-</u>	<u>18,000</u>
Total notes payable	<u>1,012,743</u>	<u>1,154,559</u>
Current notes payable	<u>123,791</u>	<u>146,289</u>
Total long-term notes payable	<u>\$ 888,952</u>	<u>\$ 1,008,270</u>

The debt is scheduled to mature as follows at December 31, 2020:

Years Ending August 31,	
2021	\$ 123,791
2022	95,230
2023	91,142
2024	95,475
2025	92,390
Thereafter	<u>514,715</u>
	<u>\$ 1,012,743</u>

Interest expense for the years ended August 31, 2020 and 2019, was \$61,590 and \$66,814, respectively.

## 5. LINE OF CREDIT

The Organization has a line of credit of \$35,000 with a local financial institution. The terms of the line include a variable interest rate based on a Prime plus 2%, with a floor of 8%. Interest payments are due on the 25th day of each month. The note is secured by equipment. The amount outstanding as of August 31, 2020 and 2019 was \$2,166 and \$35,174, respectively.

## 6. SMALL BUSINESS ADMINISTRATION LOAN

On April 15, 2020, WHFH received loan proceeds in the amount of \$450,300 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES ACT"), provides loans for qualifying businesses to be used on qualifying expenses. The loan is eligible to turn into a grant provided the funds are used for the appropriate expenses. Any amount not used for the appropriate expenses would be repaid by the Organization at a 1% interest rate over an 18-month period. The Organization believes it has used the funds for appropriate expenses and that the loan will be forgiven.

## 7. ACCRUED COMPENSATED BALANCE AND LEAVE

Employees earn vacation time throughout the year. The accrual for compensated absences is included in accrued expenses on the statements of financial position in the amount of \$116,307 and \$92,965 for 2020 and 2019, respectively.

## 8. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of August 31, 2020 and 2019, reduced by amounts not available for general use because of contractual, donor-imposed restrictions or board-imposed restrictions within one year of the balance sheet date. Amounts not available could include amounts set aside for long-term investing in quasi-endowments that could be drawn upon if the governing board approves that action or amounts that have been set aside to satisfy imposed restrictions by either the donor or the board.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 172,202	\$ 12,267
Pledge receivable	1,850	1,850
Accounts receivable	<u>118,788</u>	<u>130,795</u>
Financial assets, at year-end	292,840	144,912
Less:		
Assets with donor restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 292,840</u>	<u>\$ 144,912</u>

As of August 31, 2020, and 2019, the Organization did not have any donor-imposed restrictions or board designations to satisfy.

## **9. CONTRIBUTED SERVICES AND GIFTS-IN-KIND**

### **Contributed Services**

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

During the year ended August 31, 2020, there were 1,160 volunteers who provided 25,524 hours in volunteer services throughout the year. Using the rate established by the Independent Sector of \$26.43 per volunteer hour, the estimated value of these services is \$674,599

During the year ended August 31, 2019, there were 1,405 volunteers who provided 27,403 hours in volunteer services throughout the year. Using the rate established by the Independent Sector of \$25.43 per volunteer hour, the estimated value of these services is \$696,862.

Because these services were not performed by persons specialized in their field, the value of these services was not recognized as revenue.

### **Gifts-in-kind**

As of August 31, 2020, and 2019, the Organization received gifts-in-kind totaling \$30,446 and \$33,081, respectively. For the years ended August 31, 2020 and 2019, the Organization also received donated office space, including rent and utilities, valued at \$156,413 and \$55,973, respectively, for their offices in Abilene, Temple and Tyler as well as the tool shop building.

## **10. CONCENTRATIONS**

### **Concentration of Credit Risk**

All accounts, interest bearing and noninterest bearing, are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor at each separately charter FDIC-insured depository institution. As of August 31, 2020, and 2019, all of the Organization's cash balances were insured.

### **Concentration of Funding Source**

During the year ended August 31, 2020, the Organization received approximately 46% of its total support from the Guardianship Program. A loss of these services could negatively impact operations.

During the year ended August 31, 2019, the Organization received approximately 48% of its total support from the Guardianship Program. A loss of this services could negatively impact operations.

As of August 31, 2020, and 2019, revenue from programs amounted to approximately 75% and 81% of total revenues, respectively.

**11. COMMITMENTS AND CONTINGENCIES**

The Organization leases office space in San Antonio, Corpus Christi, and Texas City.

The future minimum lease payments are as follows:

<u>Years Ending August 31,</u>	
2021	\$ 14,520
2022	<u>1,770</u>
	<u>\$ 16,290</u>

The San Antonio lease is a 12-month lease and has required payments of \$100 each month. This lease expense has been paid for since inception and continues to be, by a donor. Therefore, Friends for Life has not incurred any expense for the San Antonio office. Total rent expense, paid for by the Organization for the years ended August 31, 2020 and 2019, was \$20,411 and \$9,659, respectively.

**12. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from the balance sheet date through July 20, 2021, the date the financial statements were available to be issued and noted the following non-recognized events for disclosure.

**Paycheck Protection Loan**

During the year ended August 31, 2021, the PPP loan from the Small Business Administration has been forgiven in full. The entire balance of \$450,300 will be recognized as a gain on the forgiveness of debt in that fiscal year.

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