

AUSTIN GROUPS FOR THE ELDERLY, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Austin Groups for the Elderly, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012 and 2011, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Austin Groups for the Elderly, Inc. as of December 31, 2012 and 2011, 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.

Gindler, Chappell, Morrison & Co., P.C.
Austin, Texas
September 24, 2013

FINANCIAL STATEMENTS

AUSTIN GROUPS FOR THE ELDERLY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 187,018	\$ 162,628
Receivables:		
Program service fees	38,746	36,617
United Way allocation	-	36,250
PayPal on-line account	152	6,299
Grants and contracts	5,961	22,054
Tenant rents	11,663	2,012
Prepaid expenses	21,605	22,104
Total current assets	265,145	287,964
Designated cash	20,000	20,000
Fixed assets		
Land	181,695	181,695
Building and improvements	1,072,836	1,021,220
Furniture and equipment	215,785	184,992
Vehicles	123,162	94,240
Leasehold improvements	46,420	46,420
Less accumulated depreciation	(992,775)	(906,582)
Net fixed assets	647,123	621,985
Other assets	3,285	3,285
Total assets	\$ 935,553	\$ 933,234
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 22,463	\$ 26,183
Deferred revenues	5,949	2,701
Accrued payroll	36,668	27,843
Payroll liabilities	3,444	2,467
Vacation accrual payable	15,778	22,008
Total current liabilities	84,302	81,202
Security deposits held	10,795	9,129
Commitments and contingencies (note 2)		
Total liabilities	95,097	90,331
Net assets		
Unrestricted net assets		
Available for current operations	26,172	27,808
Board designations	20,000	20,000
Investment in fixed assets	647,123	621,985
Total unrestricted net assets	693,295	669,793
Temporarily restricted net assets	147,161	173,110
Permanently restricted net assets	-	-
Total net assets	840,456	842,903
Total liabilities and net assets	\$ 935,553	\$ 933,234

See accompanying Notes to Financial Statements.

AUSTIN GROUPS FOR THE ELDERLY, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2012 and 2011

	2012			
	Current Operating Funds			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Program service fees	\$ 910,549	\$ -	\$ -	\$ 910,549
Grants and contracts	248,419	390,042	-	638,461
Contributions	139,874	18,500	-	158,374
Contributed goods and services	-	104,733	-	104,733
Fund raising event	30,894	-	-	30,894
Investment income - interest	172	-	-	172
Other revenue	52,877	-	-	52,877
Net assets released from donor imposed restrictions	539,224	(539,224)	-	-
Total revenues and other support	1,922,009	(25,949)	-	1,896,060
EXPENSES				
Program services				
Elderhaven Adult Day Care	1,024,041	-	-	1,024,041
AGE Building	203,675	-	-	203,675
Caregiver Resource Center	396,665	-	-	396,665
Austin SeniorNet	125,869	-	-	125,869
Total program services	1,750,249	-	-	1,750,249
Supporting services				
Management and general	51,508	-	-	51,508
Fund raising	96,750	-	-	96,750
Total supporting services	148,258	-	-	148,258
Total expenses	1,898,507	-	-	1,898,507
CHANGE IN NET ASSETS (decrease)	23,502	(25,949)	-	(2,447)
NET ASSETS				
Beginning of year	669,793	173,110	-	842,903
End of year	\$ 693,295	\$ 147,161	\$ -	\$ 840,456

See accompanying Notes to Financial Statements.

AUSTIN GROUPS FOR THE ELDERLY, INC.

STATEMENTS OF ACTIVITIES - continued

Years Ended December 31, 2012 and 2011

	2011			
	Current Operating Funds			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Program service fees	\$ 846,932	\$ -	\$ -	\$ 846,932
Grants and contracts	19,812	421,824	-	441,636
United Way allocation	-	72,500	-	72,500
Contributions	70,704	7,600	-	78,304
Contributed goods and services	-	94,896	-	94,896
Fund raising event	40,873	-	-	40,873
Investment income - interest	678	-	-	678
Insurance claim	140,711	-	-	140,711
Other revenue	514	-	-	514
Net assets released from donor imposed restrictions	678,160	(678,160)	-	-
Total revenues and other support	1,798,384	(81,340)	-	1,717,044
EXPENSES				
Program services				
Elderhaven Adult Day Care	858,638	-	-	858,638
AGE Building	446,078	-	-	446,078
Caregiver Resource Center	228,669	-	-	228,669
Austin SeniorNet	127,298	-	-	127,298
Total program services	1,660,683	-	-	1,660,683
Supporting services				
Management and general	54,829	-	-	54,829
Fund raising	82,272	-	-	82,272
Total supporting services	137,101	-	-	137,101
Total expenses	1,797,784	-	-	1,797,784
CHANGE IN NET ASSETS (decrease)	600	(81,340)	-	(80,740)
NET ASSETS				
Beginning of year	669,193	254,450	-	923,643
End of year	\$ 669,793	\$ 173,110	\$ -	\$ 842,903

See accompanying Notes to Financial Statements.

AUSTIN GROUPS FOR THE ELDERLY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2012 and 2011

EXPENSES	2012						
	Program Services				Supporting Services		Total
	Elderhaven Adult Day Care	AGE Building	Caregiver Resource Center	Austin SeniorNet	Management & General	Fund Raising	
Salaries	\$ 456,851	\$ 43,870	\$ 199,564	\$ 10,666	\$ 33,605	\$ 55,262	\$ 799,818
Payroll taxes	35,092	2,816	16,157	114	2,157	4,864	61,200
Employee benefits	38,510	999	17,255	-	999	999	58,762
Total personnel costs	530,453	47,685	232,976	10,780	36,761	61,125	919,780
Food and food supplies	128,615	-	19	-	-	-	128,634
Contributed services	-	-	-	104,733	-	-	104,733
Professional fees	52,356	288	49,144	-	288	288	102,364
Depreciation	27,581	49,130	1,724	2,586	2,586	2,586	86,193
Repairs and maintenance	15,165	50,451	5,811	120	-	-	71,547
Vehicle operation	70,400	-	1,137	-	-	-	71,537
Office expenses	25,816	7,319	22,366	2,260	1,625	1,376	60,762
Utilities	41,164	2,690	10,758	-	2,689	2,689	59,990
Copier lease and supplies	17,365	22,364	5,709	714	714	711	47,575
Facilities rental	45,020	-	-	-	-	-	45,020
Program stipend expenses	-	-	40,739	-	-	-	40,739
Insurance	18,400	7,664	2,838	2,409	2,737	547	34,595
Technology services	6,048	15,118	252	2,268	756	756	25,197
Advertising	12,939	440	9,732	-	440	440	23,991
Activity expenses	14,957	-	6,174	-	-	-	21,131
Board and employee development	11,066	409	3,105	-	409	409	15,398
Awards dinner expenses	-	-	-	-	-	14,906	14,906
General fund raising costs	-	-	-	-	-	10,800	10,800
Travel and entertainment	3,427	-	3,463	-	1,099	-	7,989
Dues and subscriptions	3,269	117	718	-	117	117	4,338
Bank service charges	-	-	-	-	1,288	-	1,288
Total expenses	\$ 1,024,041	\$ 203,675	\$ 396,665	\$ 125,869	\$ 51,508	\$ 96,750	\$ 1,898,507

See accompanying Notes to Financial Statements.

AUSTIN GROUPS FOR THE ELDERLY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - continued

Years Ended December 31, 2012 and 2011

2011

EXPENSES	Program Services				Supporting Services		Total
	Elderhaven Adult Day Care	AGE Building	Caregiver Resource Center	Austin SeniorNet	Management & General	Fund Raising	
Salaries	\$ 421,754	\$ 34,286	\$ 143,606	\$ 13,489	\$ 43,770	\$ 45,667	702,572
Payroll taxes	32,410	2,635	11,038	1,037	3,364	3,516	54,000
Employee benefits	18,181	-	10,321	-	4,548	4,548	37,598
Total personnel costs	472,345	36,921	164,965	14,526	51,682	53,731	794,170
Repairs and maintenance	13,025	180,365	18,546	175	-	-	212,111
Food and food supplies	127,717	-	-	-	-	-	127,717
Contributed services	-	-	-	94,895	-	-	94,895
Depreciation	28,614	45,869	266	6,072	-	-	80,821
Utilities	8,100	57,826	-	-	-	-	65,926
Professional fees	45,917	7,570	9,474	-	-	-	62,961
Vehicle operation	62,615	16	266	-	-	-	62,897
Office expenses	3,998	45,420	7,609	3,683	-	-	60,710
Facilities rental	42,020	-	-	-	-	-	42,020
Insurance	17,077	13,503	3,972	3,972	1,191	-	39,715
Copier lease and supplies	1,949	20,399	3,465	1,464	-	-	27,277
Technology services	5,637	15,738	225	2,233	-	-	23,833
Advertising	6,011	11,061	4,256	138	-	-	21,466
Activity expenses	17,323	-	-	-	-	-	17,323
Awards dinner expenses	-	-	-	-	-	17,075	17,075
Board and employee development	2,513	7,257	4,882	-	-	-	14,652
General fund raising costs	-	-	-	-	-	11,466	11,466
Travel and entertainment	1,304	1,249	5,813	-	-	-	8,366
Dues and subscriptions	2,473	2,884	645	140	-	-	6,142
Program stipend expenses	-	-	4,285	-	-	-	4,285
Bank service charges	-	-	-	-	1,956	-	1,956
Total expenses	\$ 858,638	\$ 446,078	\$ 228,669	\$ 127,298	\$ 54,829	\$ 82,272	\$ 1,797,784

See accompanying Notes to Financial Statements.

AUSTIN GROUPS FOR THE ELDERLY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES		
Change in net assets (decrease)	\$ (2,447)	\$ (80,740)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	86,193	80,821
(Increase) decrease in operating assets		
Receivables	46,710	10,245
Prepaid expenses	499	14,548
Increase (decrease) in operating liabilities		
Accounts payable	(3,720)	6,167
Deferred revenues	3,248	(2,358)
Accrued payroll	8,825	3,871
Payroll liabilities	977	(1,284)
Vacation accrual payable	(6,230)	(3,168)
Increase in security deposits held	1,666	343
	135,721	28,445
 CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES		
Purchase of fixed assets	(111,331)	(129,685)
 CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES	-	-
 NET INCREASE (DECREASE) IN CASH	24,390	(101,240)
 CASH AND CASH EQUIVALENTS		
Beginning of year	182,628	283,868
 End of year	\$ 207,018	\$ 182,628
 Supplemental Information		
Interest paid	\$ -	\$ -
 Taxes paid	\$ -	\$ -
 Noncash investing activities		
Disposal of fully depreciated fixed assets	\$ -	\$ 66,726
Accumulated depreciation related to disposal	\$ -	\$ (66,726)

See accompanying Notes to Financial Statements.

AUSTIN GROUPS FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2012 and 2011

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

Description of Organization

Austin Groups for the Elderly, Inc. ("AGE" or the "Organization") is a nonprofit corporation under the laws of the State of Texas which began in 1986 from the dreams of Bert Kruger Smith and Willie Kocurek, along with many others. They saw early on that the needs of the elderly population were going to strain the available resources. Believing that collaboration and cooperation were the key to stretching resources to obtain their maximum impact, Bert and Willie developed the idea of sharing space and basic resources amongst small not-for-profits. The providers of services to seniors, elders and the disabled would not have to worry about a place to be, rather, they could focus their energy and funds on providing services. The AGE Board of Directors remain true to the original goals of the founders: continuing to offer rental space, sharing copy and fax machines, and encouraging the organization 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, the 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 **Elderhaven Adult Day Care** Program is licensed by the Texas Department of Aging & Disabilities and provides a safe, secure and stimulating environment for disabled individuals as an alternative to early nursing home placement and allows caregivers a respite during the day. A structured exercise program along with supervised activities including field trips, musical therapy, reminiscent therapy and reality orientation has proven to enhance the client's mental well-being. Nursing care and transportation services are available.
- **Austin Computer Learning Center** offers beginning, intermediate and advanced computer classes and seminars taught for and by people 50 years of age and older. Benefits of this computer training include hands-on training in a newly refurbished computer lab; two to one student/coach ratio; and a helpful instruction manual is provided.
- Daily management of the **AGE Building**. In 1986, thanks to the generosity of individuals, businesses, and foundations, Austin Groups for the Elderly purchased the former historic Confederate Woman's Home. Founded in 1908 as a home for elderly Confederate women, the building currently houses over 20 non-profit agencies serving the elderly, adults with disabilities, at-risk youth and the arts.
- The **Caregiver Resource Center** is designed to empower caregivers in their critical roles by providing quality training, equipment and information to caregivers and collaborating with professionals and other organizations to educate the community about the value of care giving. The Caregiver Resource Center offers immediate and ongoing support to anyone who provides care to an aging person, to help both to improve their quality of life and maintain an optimum level of independence.
- **New Connections** is available to any qualified individual who has been assessed and/or referred by a physician. Most individuals interested in New Connections have a diagnosis of Mild Cognitive Impairment (MCI) or another type of early-stage dementia (such as Alzheimer's disease). Prospective participants must be aware of their memory impairments, and they should possess a willingness to engage in cognitive stimulation activities and group discussions about living with the symptoms of dementia.
- **Health Equipment Lending Program (H.E.L.P.)** loans durable medical equipment and incontinence products to elderly and disabled people in Central Texas.
- **Caregiver U** is a collaboration across four counties providing evidence-based training for unpaid family caregivers.

Sources of revenue and support for AGE consists of contracts with the Texas Department of Human Services and other state and local government agencies, fees charged private paying Elderhaven clients, dues and fees charged for SeniorNet programs, grants from foundations and other organizations, fund raising events supported by the community, rents charged to building tenants, and charitable donations solicited from the community.

AUSTIN GROUPS FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2012 and 2011

NOTE 1: DESCRIPTION OF ORGANIZATION SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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: Austin Groups for the Elderly 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.

Financial Instruments and fair value measurements: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Austin Groups for the Elderly measures and discloses fair value in accordance with the following hierarchy and techniques.

Market approach (level 1) - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Cost approach (level 2) - based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach (level 3) - uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Eligible financial assets and financial liabilities such as cash, certificates of deposit, accounts receivables, accounts payable and note payables are valued using an alternative fair value option as management believes the use of the fair value option for eligible items or group of similar eligible items provides more relevant and understandable information for financial statement users because the fair value option reflects the current cash equivalent of the financial instruments rather than another measure. The fair value of such assets and liabilities are deemed to be the face value of the instrument due to either the short term nature of the instrument or to an interest rate that is considered to be a market rate.

Changes in fair value of financial instruments and unrealized gains or losses on financial instruments are reported in the statement of activities. Investment income and gains and losses on investments are reported as an increase or decrease in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

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

Permanently restricted net assets The part of the net assets of a not-for-profit organization resulting from contributions whose use by an organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of an organization are considered permanently restricted net assets. An example of a permanently restricted net asset would be the donation of funds (or other assets) to an organization in which the donor imposed a restriction that the funds not be expended, but that an organization would be permitted to use or expend part or all of the income (or other economic benefit) derived from the donation.

Temporarily restricted net assets Not-for-profit organizations receive contributions and other resources whose use is limited by stipulations that are more specific than the broad limits resulting from the nature and purpose of an organization and its programs. Resources (net assets) with such stipulations that either expire by passage of time or can be fulfilled by actions of an organization are reported as temporarily restricted net assets.

Unrestricted net assets Resources not included in the above classes are considered unrestricted net assets. While these resources are reported as unrestricted, an organization manages them in compliance with their exempt purposes, Board of Director designations, legal requirements, and contractual obligations.

AUSTIN GROUPS FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2012 and 2011

NOTE 1: DESCRIPTION OF ORGANIZATION AND 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 unrestricted revenue. Investment income is reported as increases or decreases in unrestricted net assets, unless a donor or law temporarily or permanently restricts their use.

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 allocation and grants and contracts receivables 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 2012 and 2011, 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 \$1,000 and the estimated useful service life of the item is more than one year. Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. If donors stipulate how long donated assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation expense is computed over the estimated useful service life of the asset (3 to 7 years for furniture, equipment and vehicles, 10 years for improvements, and 30 years for buildings) using the straight line method of computation. Depreciation expense reported is considered a significant accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Maintenance and repairs are charged to expenses as incurred. The building owned by the Organization 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, the Organization 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.

Revenue Recognition: Program service fees are recognized as revenue when the fee is earned. Unconditional pledges or promises to give are reported as support when the funding is awarded. Conditional promises to give, such as cost reimbursement contracts, are reported as revenue when the conditions are met. Generally, the conditions to be met are compliance with budget categories or the delivery of a program service. Bequests are recognized as support when legal matters concerning the estate are finalized and the actual amount to be received can be determined with reasonable certainty.

Allocation of Costs: Austin Groups for the Elderly allocates common costs, such as salaries and benefits, telephone, and supplies between program services, management and general, and fund raising based on management's judgment of the estimated costs related to the Organization's activities. The allocations are reviewed periodically and the allocations revised, if necessary, to reflect changes in the activities of the Organization. The allocations of costs reported are considered accounting estimates. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

Income Tax Status: The Organization 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 Organization 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 Organization believes it is no longer subject to examination by the IRS for years prior to 2009.

AUSTIN GROUPS FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2012 and 2011

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Subsequent Events: Management has evaluated subsequent events through September 24, 2013 which is the date the financial statements were available to be issued. In management’s opinion, no other events have occurred from the statement of financial position date through that date that would impact the financial statements.

NOTE 2: COMMITMENTS – OPERATING LEASES

Austin Groups for the Elderly is obligated on leases for program services space and office equipment. The leases are treated as operating leases for accounting purposes; therefore, the lease obligation is not reported in the financial statements. The future minimum lease payments due under leases are the following: 2013- \$67,335, 2014- \$24,600, 2015- \$24,600, 2016- \$24,600 and thereafter \$-0-.

Rental expense under operating leases for 2012 and 2011 was \$69,620 and \$56,985, respectively.

In 2012, Documation Inc. paid out the remainder of the equipment lease commitment from Dahill, Inc. for \$43,517. The funds received from Documation are recorded in Other Income for 2012. Expenses associated with the remaining lease obligations to Dahill after the buyout are recorded as lease cancellation expense. At the end of 2012, the remaining balance of the buyout was \$24,867.

NOTE 3: UNRESTRICTED NET ASSETS – BOARD DESIGNATIONS

Designations are voluntary board of director approved segregations of unrestricted net assets for specific purposes, projects or investments. Since designations are voluntary, they may be reversed by future board action. A bequest to Austin Groups for the Elderly has been designated by the board of directors for possible investment or other long-term purposes.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

During 2012 and 2011, net assets of \$539,224 and \$678,160, respectively were released from accompanying stipulations due to the Organization’s actions or due to the passage of time and are considered net assets released from donor imposed restrictions. These funds are reported as transfers from temporarily restricted net assets to unrestricted net assets in the statement of activities.

At year end, Austin Groups for the Elderly had assets in the form of cash and receivables that were temporarily restricted for the following purposes.

Funding Source	Amount		Restrictions Imposed by Funding Source
	2012	2011	
<u>Contracts and Grants</u>			
St. David’s Foundation	\$ 30,685	\$ 39,604	Elderhaven/Caregiver Resource Center programs, AGE Building repairs and New Connections Program
Impact Austin	-	44,793	Caregiver Resource Center programs and Durable Medical Equipment Lending Closet
Topfer Foundation	22,500	20,000	Elderhaven Adult Day Care Program
Lola Wright Foundation	17,199	12,363	Transportation
Austin Community Foundation		10,000	Elderhaven/Caregiver Resource Center programs
Hammill Foundation	2,501	2,500	Elderhaven Adult Day Care Program
Austin Junior Forum	5,750	-	Durable Medical Equipment Lending Closet
Health Angels	-	-	Durable Medical Equipment Lending Closet
St. David's Episcopal Church	10,000	-	Elderhaven Adult Day Care Program
Mitte Foundation	1,667	-	Elderhaven Adult Day Care Program

AUSTIN GROUPS FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS - continued
Years Ended December 31, 2012 and 2011

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS - continued

Funding Source	Amount		Restrictions Imposed by Funding Source
	2012	2011	
<u>Contracts and Grants - continued</u>			
Westlake Hills Presbyterian Church	30,603	-	New Connections Program
Theo Davis	4,000	-	Meals and Snacks for Seniors at Centers
Glimmer of Hope	7,500	-	Caregiver Resource Center
<u>Contributions</u>			
SeniorNet	3,310	-	SeniorNet Contributions
Gift Cards	5,500	-	Adult Daycare Centers
Individual Contributions	5,946	7,600	Transportation
<u>Allocations</u>			
Capital Area United Way	-	36,250	Time restricted for use in future periods
Total	\$147,161	\$173,110	

NOTE 5: PROGRAM SERVICE FEES

Program service fees reported in the financial statements are the following.

	2012	2011
Elderhaven Adult Day Care	\$ 723,893	\$ 654,513
Austin Computer Learning Center	14,590	26,392
AGE Building		
Tenant rents	136,205	134,765
Fees - copies, postage and vending	35,861	31,262
Total	\$ 910,549	\$ 846,932

NOTE 6: CONTRIBUTED GOODS AND SERVICES

Contributed goods are reported in the financial statements as support if the goods are used in conducting programs services. Contributed services are recorded in the financial statements if the contributed services require specialized skills that the AGE would otherwise need to purchase. Contributed goods and services reported in the financial statements are accounting estimates. The estimates may be adjusted as more current information becomes available and any adjustment could be significant.

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

	2012	2011
<u>Austin SeniorNet</u>		
Contributed services		
Instructors/Coaches	\$ 104,733	\$ 94,896

NOTE 7: COLLABORATIVE ARRANGEMENT

Under grant funding from St. David's Foundation, AGE leads a collaborative referred to as Caregiver U. Under the grant terms, AGE identifies and trains participating agencies in providing evidence-based training for unpaid family caregivers. Upon fulfillment of performance criteria by these agencies, and as they spend funds to fulfill the obligations, they receive funds from the grant as determined by AGE. As part of an annual grant all terms are determined and renewed upon notification of grant funding. Revenue is recognized upon receipt and is recorded as grants and contracts revenue on the statement of activities and changes in net assets. Expenses related to the collaborative are recorded in the Caregiver Resource Center program services. Revenue and expenses related to the collaborative arrangement for 2012 were approximately \$179,550 for revenue and \$153,304 for expenses. In 2011, the revenue and expenses were approximately \$88,330 and \$56,871, respectively.