

**ELLA AUSTIN COMMUNITY CENTER**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**ELLA AUSTIN COMMUNITY CENTER**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2015**

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## Independent Auditor's Report



Board of Directors  
Ella Austin Community Center  
San Antonio, Texas

We have audited the accompanying financial statements of Ella Austin Community Center (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2015 and 2014, the related statements of activities and functional expenses for the year ended June 30, 2015, the statements of cash flows for the years ended June 30, 2015 and 2014, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Ella Austin Community Center as of June 30, 2015 and 2014, and the changes in its net assets for the year ended June 30, 2015, and its cash flows for the years ended June 30, 2015 and 2014, in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited Ella Austin Community Center's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sagebiel, Ravenburg & Schuh, P.C.*

San Antonio, Texas  
October 28, 2015

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**ELLA AUSTIN COMMUNITY CENTER**  
**STATEMENT OF FINANCIAL POSITION**

**June 30, 2015 and 2014**

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>Current assets:</b>		
Cash	\$ 116,492	\$ 176,173
Accounts receivable	75,398	145,379
Prepaid expenses	8,472	9,283
Income tax receivable	-	1,805
Total current assets	<u>200,362</u>	<u>332,640</u>
<b>Property and equipment:</b>		
Building and improvements	1,756,330	1,701,757
Furniture and fixtures	266,360	238,726
Vehicles	64,294	64,294
	<u>2,086,984</u>	<u>2,004,777</u>
Less accumulated depreciation	<u>(1,029,547)</u>	<u>(931,308)</u>
	<u>1,057,437</u>	<u>1,073,469</u>
<b>Other assets:</b>		
Cash restricted for capital campaign	9,932	9,929
	<u>9,932</u>	<u>9,929</u>
	<u>\$ 1,267,731</u>	<u>\$ 1,416,038</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable - trade	\$ 45,399	\$ 47,000
Accrued compensated absences	21,877	19,059
Income tax payable	2,222	-
Security deposits payable	12,128	-
Capital lease due within one year	5,562	5,220
Total current liabilities	<u>87,188</u>	<u>71,279</u>
<b>Long term liabilities:</b>		
Capital lease obligation	17,336	22,557
Less amount due within one year	<u>(5,562)</u>	<u>(5,220)</u>
	<u>11,774</u>	<u>17,337</u>
Total liabilities	<u>98,962</u>	<u>88,616</u>
<b>Net assets:</b>		
Unrestricted - operations	47,094	224,101
Unrestricted - fixed assets	<u>1,040,101</u>	<u>1,050,912</u>
	1,087,195	1,275,013
Temporarily restricted	81,574	52,409
	<u>1,168,769</u>	<u>1,327,422</u>
	<u>\$ 1,267,731</u>	<u>\$ 1,416,038</u>

The accompanying notes are an integral part  
of the financial statements.

**ELLA AUSTIN COMMUNITY CENTER**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2015**

(With Comparative totals For Year Ended June 30, 2014)

	Unrestricted			Total	
	Operations	Fixed Assets	Temporarily Restricted	2015	2014
<b>Public support and revenue:</b>					
Public support:					
United Way	\$ 352,066	\$ -	\$ -	\$ 352,066	\$ 351,353
Contributions	60,912	-	181,767	242,679	154,035
In-kind donations	-	-	-	-	1,000
Total public support	<u>412,978</u>	<u>-</u>	<u>181,767</u>	<u>594,745</u>	<u>506,388</u>
Revenue:					
Fees from government agencies	236,091	-	-	236,091	310,826
Program revenue	296,472	-	-	296,472	257,905
Rental income	158,962	-	-	158,962	97,058
Net profit from bingo operation	7,239	-	-	7,239	19,026
Miscellaneous	8,843	-	3	8,846	488
Total revenue	<u>707,607</u>	<u>-</u>	<u>3</u>	<u>707,610</u>	<u>685,303</u>
Net assets released from restrictions:					
Restrictions satisfied by payments	<u>152,605</u>	<u>-</u>	<u>(152,605)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>1,273,190</u>	<u>-</u>	<u>29,165</u>	<u>1,302,355</u>	<u>1,191,691</u>
<b>Expenses:</b>					
Program services	1,147,835	24,560	-	1,172,395	953,613
Supporting services:					
Management and general	197,043	73,679	-	270,722	209,642
Fund-raising	17,891	-	-	17,891	11,423
Total expenses	<u>1,362,769</u>	<u>98,239</u>	<u>-</u>	<u>1,461,008</u>	<u>1,174,678</u>
Change in net assets	(89,579)	(98,239)	29,165	(158,653)	17,013
<b>Net assets at beginning of year</b>	224,101	1,050,912	52,409	1,327,422	1,310,409
Transfers between funds	<u>(87,428)</u>	<u>87,428</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets at end of year</b>	<u>\$ 47,094</u>	<u>\$ 1,040,101</u>	<u>\$ 81,574</u>	<u>\$ 1,168,769</u>	<u>\$ 1,327,422</u>

The accompanying notes are an integral part  
of the financial statements.

**ELLA AUSTIN COMMUNITY CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2015**

(With Comparative totals For Year Ended June 30, 2014)

	Program services					Supporting services			Totals	
	Child Development	Senior Services	Family Services	Youth Enhancement	Total program services	Management and general	Fund-raising	supporting services	2015	2014
Salaries	\$ 435,566	\$ 107,107	\$ 64,264	\$ 85,686	\$ 692,623	\$ 17,851	\$ 3,571	\$ 21,422	\$ 714,045	\$ 647,530
Employee benefits	16,229	13,733	936	624	31,522	28,088	2,810	30,898	62,420	34,013
Payroll taxes	31,707	8,182	4,091	6,137	50,117	767	255	1,022	51,139	50,740
Total salaries and related expenses	483,502	129,022	69,291	92,447	774,262	46,706	6,636	53,342	827,604	732,283
Professional services	76,115	19,031	11,100	19,027	125,273	33,301	-	33,301	158,574	39,871
Supplies	46,864	5,357	1,337	6,027	59,585	7,364	-	7,364	66,949	35,193
Telephone	2,173	848	265	-	3,286	2,014	-	2,014	5,300	5,795
Postage	-	-	-	-	-	1,156	-	1,156	1,156	809
Occupancy	62,465	23,884	12,861	3,674	102,884	80,837	-	80,837	183,721	169,527
Equipment rental and maintenance	5,165	2,502	1,856	1,130	10,653	5,488	-	5,488	16,141	11,373
Printing and publications	786	-	-	1,779	2,565	5,710	-	5,710	8,275	6,759
Advertising	-	-	-	-	-	3,835	-	3,835	3,835	2,131
Travel	1,417	-	-	1,338	2,755	1,730	-	12,985	15,740	8,952
Conferences	7,356	3,836	-	1,330	12,522	3,131	-	3,131	15,653	11,773
Assistance to individuals	-	-	17,237	-	17,237	-	-	-	17,237	13,954
Miscellaneous	18,358	1,823	261	1,171	21,613	4,427	-	4,427	26,040	21,569
Vehicle costs	15,200	-	-	-	15,200	-	-	-	15,200	22,510
Bad debt expense	-	-	-	-	-	-	-	-	-	977
Interest expense	-	-	-	-	-	1,344	-	1,344	1,344	1,973
Total expenses before depreciation	719,401	186,303	114,208	127,923	1,147,835	197,043	17,891	214,934	1,362,769	1,085,449
Depreciation	5,895	3,929	8,842	5,894	24,560	73,679	-	73,679	98,239	89,229
Total expenses	\$ 725,296	\$ 190,232	\$ 123,050	\$ 133,817	\$ 1,172,395	\$ 270,722	\$ 17,891	\$ 288,613	\$ 1,461,008	\$ 1,174,678

The accompanying notes are an integral part of the financial statements.

ELLA AUSTIN COMMUNITY CENTER

STATEMENT OF CASH FLOWS

Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash flow from operating activities:</b>		
Change in net assets	\$ (158,653)	\$ 17,013
Security deposits collected	12,128	-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	98,239	89,229
Donated property and equipment	-	(1,000)
Changes in:		
Accounts receivable	69,981	(69,311)
Prepaid expenses	811	3,979
Accounts payable - trade	(1,601)	31,615
Accrued compensated absences	2,818	4,212
Income tax receivable/payable	4,027	(11,036)
Net cash provided by operating activities	<u>27,750</u>	<u>64,701</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(82,207)	(54,245)
Change in cash restricted for capital campaign	(3)	(6,392)
Net cash used by investing activities	<u>(82,210)</u>	<u>(60,637)</u>
<b>Cash flow from financing activities:</b>		
Proceeds from line of credit	-	900
Reduction of line of credit	-	(23,317)
Proceeds from capital lease obligation	-	27,795
Reduction of capital lease obligation	(5,221)	(5,238)
Net cash provided (used) by financing activities	<u>(5,221)</u>	<u>140</u>
Net increase (decrease) in cash	(59,681)	4,204
<b>Cash at beginning of year</b>	<u>176,173</u>	<u>171,969</u>
<b>Cash at end of year</b>	<u>\$ 116,492</u>	<u>\$ 176,173</u>
<b>Schedule of supplemental cash flow information:</b>		
Interest paid	<u>\$ 1,344</u>	<u>\$ 1,973</u>
Income taxes paid	<u>\$ 12,915</u>	<u>\$ 25,754</u>

The accompanying notes are an integral part  
of the financial statements.

## ELLA AUSTIN COMMUNITY CENTER

### NOTES TO FINANCIAL STATEMENTS

#### 1 NATURE OF ORGANIZATION

Ella Austin Community Center (the Center) is a nonprofit community center, which assists individuals and families to improve their quality of life and self-sufficiency. The Center receives funding from state and federal government sources as well as local sources such as the United Way of San Antonio and Bexar County. The Center must comply with the requirements of these funding source entities.

The specific programs and services that the Center provides include:

- **Child Development** – A child care and development program servicing more than 70 children daily.
- **Senior Services** – Includes nutritional programs and activities available to senior citizens in the area on a daily basis.
- **Family Services** – Includes counseling services for young families and emergency assistance in the form of food, clothing, and utility assistance for families in crisis.
- **Youth Enhancement** – After school, summer recreation and educational programs for at-risk youth.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Accounting

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

##### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements of not-for-profit organizations. The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Center does not have any permanently restricted net assets.

##### Comparative Financial Information

The financial information for the year ended June 30, 2014, presented for comparative purposes, is not intended to be a complete financial statement presentation. It is included to provide a basis for comparison with the year ended June 30, 2015.

##### Budgets

The Center receives funding from the City of San Antonio, United Way, and Texas Department of Agriculture. Each of these funding sources approves an annual budget for their respective programs. These budgets may be amended by individual funding sources anytime during the funding period.

##### Allocated Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and support services based on management estimates.

(Continued)



**ELLA AUSTIN COMMUNITY CENTER**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is a public charity, and is not a private foundation under Section 509(a)(2). However, income from certain activities not directly related to the Center's tax exempt purpose is subject to taxation as unrelated business income. Provision for federal income taxes is made for any unrelated business income generated by the operation of bingo activity.

**Restricted and Unrestricted Revenue and Support**

The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Estimates**

The preparation of financial statements in conformity with 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.

**Cash**

Cash consists of monies on hand, in checking and money market accounts.

**Property and Equipment**

The Center capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Maintenance and repairs are charged to expenses. Property and equipment of the Center are depreciated over their estimated useful lives on a straight-line basis.

**Donated Facilities**

The Center receives an in-kind contribution from the City of San Antonio in the way of donated facilities. The use of the Center facilities is not reflected in the accompanying financial statements since it is not subject to objective measurement or valuation.

**Subsequent Events**

The Center's management has evaluated subsequent events through October 28, 2015, the date which the financial statements were available for issue.

ELLA AUSTIN COMMUNITY CENTER

NOTES TO FINANCIAL STATEMENTS

(Continued)

**3 RECEIVABLES AND CREDIT RISK CONCENTRATION**

Accounts receivable are primarily due from the Texas Department of Human Services and the City of San Antonio.

Management analyzes aging of accounts receivable on a monthly basis. Accounts receivable are considered delinquent when they are over 30 days old. Payment trends by delinquent accounts are considered by management when writing off bad debts and estimating the allowance for doubtful accounts. During the years ended June 30, 2015 and 2014, management wrote off no bad debts. Management estimated the allowance for doubtful accounts to be \$-0- at June 30, 2015 and 2014. Accounts deemed to be uncollectible by management are charged to the allowance for doubtful accounts initially.

**4 REVOLVING LINE OF CREDIT**

The Center has a \$35,000 revolving line of credit with a financial institution, which matures on December 19, 2015. Advances on the unsecured line of credit bear interest at the Bank's floating prime plus 1.25%. At June 30, 2015 and 2014, the Center had a balance of \$-0- for each year, with an available amount on the line of credit of \$35,000 for each year.

**5 LEASES-LESSORS**

The Center leases office space to tenants under non-cancelable leases with terms of one year. The following is a schedule by years of future minimum payments under the leases at June 30, 2015:

<u>Year Ending June 30,</u>	
2016	<u>\$ 146,554</u>

**6 LEASES-LESSEES**

*Operating Leases*

The Center leases copier equipment under a non-cancelable lease. Future minimum lease commitments under the lease are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 680
2017	1,020
2018	1,020
2019	1,020
2020	595
	<u>\$ 4,335</u>

Lease expense totaled \$11,048 and \$7,462 for all leased equipment for the years ended June 30, 2015 and 2014, respectively.

(Continued)

**ELLA AUSTIN COMMUNITY CENTER**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**6 LEASES—LESSEES (Continued)**

*Capital Leases*

The Center signed a capital lease agreement on August 26, 2013, for its security system. The economic substance of the lease is that the Center is financing the acquisition of the assets through the lease, and, accordingly, it has been recorded in the Center's assets and liabilities. The lease agreement contains a bargain purchase option at the end of the lease term.

The following is an analysis of the leased assets included in property and equipment:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 27,795	\$ 27,795
Less accumulated depreciation	<u>(10,191)</u>	<u>(4,632)</u>
	<u>\$ 19,619</u>	<u>\$ 25,177</u>

The following is a schedule by years of future minimum payments required under the lease together with their present value:

<u>Year Ending June 30,</u>	
2016	\$ 6,504
2017	6,504
2018	<u>6,038</u>
Total minimum lease payments	19,046
Less amount representing interest	<u>(1,710)</u>
Present value of minimum lease payments	<u>\$ 17,336</u>

**7 TEMPORARILY RESTRICTED NET ASSETS**

The temporarily restricted net assets are comprised of the following restricted contributions received but not used:

	<u>2015</u>	<u>2014</u>
After School Enrichment	\$ 7,056	\$ 21,665
Capital Campaign	9,932	-
Positive Youth Development	14,644	10,000
Support for Programs and Services	25,002	-
Purchase of New Van	20,000	-
Diaper Bank	-	1,000
Seniors	-	2,000
YFS Air Conditioning Repair	-	6,390
Capital Improvements	-	1,408
Playground	4,940	9,946
	<u>\$ 81,574</u>	<u>\$ 52,409</u>

**ELLA AUSTIN COMMUNITY CENTER**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**8 REVENUE AND SUPPORT CONCENTRATIONS**

- A. United Way support totaled \$352,066 and \$351,353 for the years ended June 30, 2015 and 2014, respectively, which equates to 27% and 29%, respectively of total support and revenue. The Center's approved United Way allocation for the year ending June 30, 2016 is \$374,621.
- B. Revenue generated from state and local governmental contracts totaled \$236,091 and \$310,826 for the years ended June 30, 2015 and 2014, which represents 18% and 26%, respectively, of total support and revenue. Contract revenues from various grantors consisted of the following concentrations for the years ended June 30, 2015 and 2014:

	<u>2015</u>		<u>2014</u>	
Federal and State of Texas	\$ 105,334	8%	\$ 53,157	4%
City of San Antonio	<u>130,757</u>	<u>10%</u>	<u>257,669</u>	<u>22%</u>
	<u>\$ 236,091</u>	<u>18%</u>	<u>\$ 310,826</u>	<u>26%</u>

**9 BINGO OPERATIONS**

The Center is one of five members of the Alamo Hills Bingo Unit (AHBU). AHBU is the designated agent who handles the recordkeeping, reporting to the Texas Lottery Commission, and other administrative aspects of the operation. The Center remains responsible for compliance with the Texas Lottery Commission rules and regulations.

Income from the bingo activities was generally not taxable except for "pull tab" activities which was considered unrelated business income that was taxable. The Center receives quarterly charitable distributions on the net proceeds from this bingo activity. The Center must still file quarterly reports and pay taxes on their share of the proceeds. The operating results of the bingo activities is summarized as follows:

	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Net revenue after prizes paid	\$ 66,000	\$ 75,000
Operating expenses	<u>58,761</u>	<u>55,974</u>
Net bingo profit	<u>\$ 7,239</u>	<u>\$ 19,026</u>

**10 INCOME TAXES**

The taxable income from Instant Bingo receipts for the bingo activity described in Note 9 was \$84,387 and \$77,838 for the years ended June 30, 2015 and 2014, respectively, and the income tax on this unrelated business income was \$16,942 and \$14,715, respectively.

**11 FUND-RAISING EXPENSES**

Total operational fund-raising expenses of the Center for the years ended June 30, 2015 and 2014 were \$17,891 and \$11,423, respectively.

**ELLA AUSTIN COMMUNITY CENTER**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**12 RETIREMENT PLAN**

The Center established a SIMPLE IRA plan in 2015 covering all eligible employees who receive \$5,000 or more in annual compensation. The plan provides eligible employees with the opportunity to make contributions to the plan on a tax deferred basis. The Center will match the contribution of each participant on a dollar-for-dollar basis up to 3% of their compensation. This amount cannot exceed the salary deferral contribution limit for that calendar year. All SIMPLE IRA contributions, both employer and employee, are immediately 100% vested. The Center's contributions to the plan for the years ended June 30, 2015 and 2014 were \$5,655 and \$-0- for those years, respectively.

**13 COMMITMENTS AND CONTINGENCIES**

The Center participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the Center, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.