Special Abilities of North Texas, Inc.

1511 Justin Road, Suite B, Lewisville, Texas 75077

Financial Statements
December 31, 2021

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John W. Jones

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Independent Auditor's Report

To the Board of Directors of
Special Abilities of North Texas, Inc.
1511 Justin Road, Suite B
Lewisville, Texas 75077

I have audited the accompanying statement of financial position of Special Abilities of North Texas, Inc. (a nonprofit organization) as of December 31, 2021, and the related statements of activities, functional expenses, cash flows, and Statement of Liquidity for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Abilities of North Texas, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

John W. Jones, CPA
Richardson, Texas
October 20, 2022

Special Abilities of North Texas, Inc.
Statement of Financial Position
December 31, 2021

Assets

Current Assets:	
Cash	106,694
Program Receivables	68,332
Prepaid Expenses	13,243
Total Current Assets	188,269
Property & Equipment:	
Furniture and Fixtures	107,650
Less Accumulated Depreciation	(86,002)
Net Property & Equipment	21,648
Other Assets:	
Receivable - Affiliate	14,622
Total Other Assets	14,622
Total Assets	224,539

Liabilities and Net Assets

Current Liabilities:	
Accounts Payables	1,098
Accrued Payables	8,910
Accrued Payroll	19,844
Notes Payable - Bank - Current Portion	11,414
Total Current Liabilities	41,266
Long Term Liabilities:	
Notes Payable - Bank Auto Loan	7,679
Notes Payable - SBA EIDL	157,983
Total Long Term Liabilities	165,662
Total Liabilities	206,928
Net Assets	
Without Donor Restrictions	17,611
With Donor Restrictions	-
Total Liabilities and Net Assets	224,539

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

Special Abilities of North Texas, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Totals
Mission Operation:			
Mission Operations Revenue:			
Program Revenue	308,749	-	308,749
Total Mission Operating Revenue	308,749	-	308,749
Mission Operations Expenses:			
Program Expenses	771,093	-	771,093
Supporting Expenses	45,024	-	45,024
Total Mission Operating Expense	816,117	-	816,117
Mission Operating Funds Deficiency	(507,368)	-	(507,368)
Grants, Donations & Fundraising Revenue:			
Grants - Corporations & Governments	28,844	-	28,844
Contributions - Non-Profits	54,043		54,043
Contributions - Individuals	153,581	-	153,581
Restricted Funds Release	-	-	-
Special Event Revenue - Net of Costs	-	-	-
Covid Employment Retention Credit	104,125		104,125
SBA PPP Grants	112,375	-	112,375
Total Grants, Donations, & Fundraising Revenue	452,968	-	452,968
Investment Income:			
Interest Income	378	-	378
Interest Expense	(5,625)		(5,625)
Decrease in Net Assets	(59,647)	-	(59,647)
Net Assets, Beginning of Year	91,323	-	91,323
Net Assets, End of Year	31,676	-	31,676

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

Special Abilities of North Texas, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Totals	Management & General	Fundraising	Supporting Totals	Expense Totals
Advertising	-		3,305	3,305	3,305
Building - Insurance	11,378	599		599	11,977
Building - Rent	67,279	3,541		3,541	70,820
Building - Repairs	6,052	319		319	6,371
Building - Security	3,466	182		182	3,648
Building - Utilities	26,820	1,412		1,412	28,232
Client Training	3,138			-	3,138
Client Supplies	45,229			-	45,229
Client Transportation	2,173			-	2,173
Client Travel	3,370			-	3,370
Computer Costs	6,454	2,151		2,151	8,605
Contract Labor	16,216			-	16,216
Depreciation	1			-	1
Dues & Subscriptions	9,061	3,021		3,021	12,082
Hiring Costs	3,163			-	3,163
Insurance - Casualty	6,536	1,295		1,295	7,831
Insurance - Employee	50,323	1,237	1,128	2,365	52,688
Interest Expense	1,344			-	1,344
Office Supplies	1,548	1,548		1,548	3,096
Payroll	444,550	10,926	9,964	20,890	465,440
Professional Fees	2,177	53	49	102	2,279
Taxes - Payroll	55,804	1,372	1,251	2,623	58,427
Telephone	5,011	1,671		1,671	6,682
Total Costs	771,093	29,327	15,697	45,024	816,117

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

Special Abilities of North Texas, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets		(59,647)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1	
(Increase) / Decrease In Program Receivables	(46,258)	
(Increase) / Decrease in Prepaid Expenses	(13,243)	
Increase / (Decrease) in Accounts Payable	(247)	
Decrease / (Increase) in Accrued Payroll	157	
Decreased in Related Party Receivable	-	
Total Adjustments		(59,590)
Net Cash Provided by Operating Activities		(119,237)
Cash Flows From Investing Activities		
Equipment Acquisition	(1,565)	(1,565)
Cash Flows From Financing Activities:		
Affiliates Notes Receivable Payments	-	
Equipment Financing / (Payments)	(9,311)	
SBA - EIDL Loan Increase	5,625	
Net Cash Received in Investing Activities		(3,686)
Net Increase in Cash		(124,488)
Cash, Beginning of Year		231,182
Cash, End of Year		106,694

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

Special Abilities of North Texas, Inc.
Statement of Liquidity Disclosure
For the Year Ended December 31, 2021

Cash and Cash Equivalents	106,694
Program Receivables	68,332
Related Party Receivables	14,622
Total Available Funds	189,648
Vendor Payable - Year End	41,266
Net Liquidity Available for Operations	148,382
Less Guaranteed Payments:	
12 Monthly Auto Loan Pmts	11,414
12 Monthly Facility Rent Pmts	69,332
12 Monthly SBA EIDL Pmts	-
Total Annual Guaranteed Payments	80,746
Available Year End Liquidity	67,636

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

Note 1 – Covid 19 Pandemic:

Due to Covid 19, the services performed by Special Abilities of North Texas, Inc. (Special Abilities) shut down as of March 31, 2020. Services resumed on a limited basis in January 2021. But the billing for January 2021 were only $9,700 and in February 2021 $8,200. Full operations resumed in March 2021. Special Abilities' service billings for the last 4 years were:

Year	Annual Billings
2018	$502,692
2019	$703,352
2020	$136,266
2021	$308,749

Note 2 – Mission:

To provide the highest quality care, training, and support to adults with Intellectual and Developmental Disabilities ("IDD"), giving them opportunities to succeed in life, family, and the community, while offering respite to their caregivers.

Note 3 – Organization and Nature of Operations:

Special Abilities of North Texas, Inc. ("Special Abilities") is a nonprofit corporation organized in December 1993 under Section 501(c)(3) of the Internal Revenue Code, with the mission of providing the highest quality care, training, and support to adults with IDD, giving them opportunities to succeed in life, family, and the community, while offering respite to their caregivers. Special Abilities is supported primarily through government and corporate grants, fundraising events, and private donor contributions.

Note 4 - Program Services:

Program services include expenses to provide adult day habilitation services at its two campuses in the North Texas area, focusing on five key activities: (1) vocational development and job training; (2) academics and continuing education; (3) community inclusion; (4) health, fitness, and nutrition; and (5) independent living skills. Services are provided at 2 locations in Denton County – (1) 1511 Justin Road, Suite B, Lewisville, Texas, and (2) 6101 Morriss Road, Flower Mound, Texas (The Morriss Road facility was not operated in 2021 during Covid recovery). As of April 2016, Special Abilities no longer accepted day activities and health services clients (DAHS).

Note 5 – Financial Support:

As a charitable nonprofit, Special Abilities relies on community support. These include fundraising events, public charitable donations, individual contributions, and grants. Funding for client services were provided by (1) HCS, (2) CLASS funds, (3) Texas Home Living (TXHML) and, (4) private payments.

Note 6 – Summary of Significant Accounting Policies:

Basis of Presentation and Principles of Combination

The accompanying combined financial statements include only the accounts of Special Abilities of North Texas, Inc.

Financial Statement Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Codification Not-for-Profit Entities (Topic 958) / Update No. 2016-14. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets – net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions:

Restricted net assets consist of donor restricted contributions. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpected amounts are reported as net assets with donor restrictions at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities and changes in net assets without donor restrictions. The Organization had no net assets with donor restrictions as of December 31, 2020.

Contributions and Unconditional Promises to Give:

Contributions are recognized as revenue when received. Contributions that are restricted by the donor are reported as increase in net assets with donor restrictions. Contributions with donor restrictions are recognized as revenue when received. But recognized as net assets with donor restrictions on the statement of Financial Position. Contributions and promises to give due in less than one year are recorded at their net realizable value upon receipt. Contributions and promises to give due in more than one year are recorded at fair value on the date received.

Donated Materials and Contributed Services

Donated materials are recorded in the statement of activities and changes in net assets as contribution revenue with offsetting expenses or capitalized expenditures at their estimated fair value at the date of receipt. Contributed services are reflected in the statement of activities and changes in net assets at the estimated fair value of the services received if they (a) create or enhance nonfictional assets or (b) require and are provided by individuals with specialized skills and, if not provided by donation, would typically need to be purchased.

Concentration of Risk:

The Organization maintains its operating cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced losses in such accounts and believes it is not exposed to any significant risk of loss on cash.

Program Receivables:

The Organization uses the direct write-off method on doubtful receivables. Program receivables are written off when deemed uncollectible by management. Bad debt recoveries are included in income as realized. As of December 31, 2021, management determined that an allowance for doubtful accounts was not necessary.

Property and Equipment:

The Organization capitalizes all property and equipment expenditures with a cost of $1,000 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or, for donated items, at fair market value as of the date received. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the activities for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 – 15 years. Long lived assets, such as property and equipment, are reviewed on an ongoing basis for impairment based on comparisons of carrying values against undiscounted future cash flows. If an impairment is identified, the assets' carrying amounts are written down to fair market value. There were no impairments of long-lived assets identified during the year ended December 31, 2021.

Use of Estimates:
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, and expenses during the reporting period. Significant estimates made in preparing the financial statements include carrying value of property and equipment, and the allocation of functional expenses. Actual results could differ from those estimates.

Functional Expenses:
The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses, and Statement of Activities. Accordingly, certain expenses have been allocated among the various programs and supporting services benefited.

Income Taxes:
Special Abilities of North Texas, Inc. is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the entities are not taxed on income derived from their exempt functions. However, the entities are subject to tax on unrelated business income, which is generated from activities not related to their stated exempt purpose. The entities had no unrelated business income during the year ended December 31, 2021. The Organization is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. No questionable tax positions were identified in the year ending December 31, 2021.

Advertising and Promotion:
Advertising and promotion costs are expensed as incurred. However, in calendar 2021 only $3,305 of advertising costs were incurred.

Note 7 – Facility:

Special Abilities' Lewisville facility is provided by a commercial lease with a related entity, Special Abilities Foundation, Inc. (The Foundation). The Foundation was organized as exempt from federal income taxes under Section 501(c)(3). Special Abilities paid rent to The Foundation in 2021 of $69,620 under a 3-year lease agreement. Another facility is rented in Flower Mound from the Trietsch Memorial

United Methodist Church on a month-to-month verbal agreement. Due to Covid complications no rental payments were made on the Flower Mound property in 2021.

On January 1, 2018, Special Abilities executed a commercial lease with The Foundation covering its facility at 1511 Justin Road in Lewisville. The lease is for 3 years commencing on January 1, 2018, at a monthly rent of $5,777.63. The lease provides that in addition to rent Special Abilities will pay all insurance, utilities, repairs, and taxes. The annual direct rental payments to The Foundation have been as follows.

Calendar Year	Annual Rental Payments
2019	$69,332
2020	$52,227
2021	$69,620
Total	$191,179

Due to the Covid 19 shutdown, The Foundation abated the 2020 rent to Special Abilities by $17,105.

Note 8 – Notes Receivable from Special Abilities Foundation:

In the transfer of the building to the Foundation, Special Abilities received a $155,760 non-interest-bearing note. At the end of 2017, the note balance was $22,599. The note was reduced to $14,622 as of December 31, 2018, thru waived rent payments and expense adjustments. The note remains at $14,622 as of December 31, 2021.

Note 9 – Clients:

In January 2021 Special Abilities cared for 30 clients and had billings of $7,280 for the services provided. Special Abilities had 35 clients in February, 50 clients in March, and cared for 70 clients, in May. By December the client count was 89 with monthly billings of $43,403. The hourly rate varies from $9.00 to $45.72 depending on the level of care needed for the client. The services were provided from its locations in Lewisville, Texas. The Flower Mound facility was not operated in 2021 due to Covid recovery.

Note 10 – Contributions:

Special Abilities relies on generous donations from corporations, governments, civic organizations, and individuals to bridge the gap between the costs of services provided to clients with IDD and the billings to the clients. Major donations were provided by the following contributors:

Organization	Donation $
United Way of Denton County	$47,700
Lewisville Noon Rotary Club	$4,500
City of Highland Village	$5,000
City of Lewisville	$4,350
North Texas Giving Day	$45,606
Other Individual & Company Donations	$129,312
2021 Donation Totals	$236,468

Note 11 – Equipment & Depreciation:
Special Abilities has $107,650 in equipment, furniture, fixtures, and autos. Equipment of $1,565 was acquired in 2021. Straight line depreciation is used with useful lives of 5, 7, and 15 years. During calendar year 2021 depreciation expense of $14,066 was recognized.

Note 12 – Fundraising Events:
Due to the Covid-19 shutdown, no fundraising event occurred in 2021.

Note 13 – Accomplishments of SANT:
Special Abilities of North Texas fills an important need in the community by providing a place for adults with intellectual and developmental disabilities to continue to learn, grow and lead fulfilling lives when they age-out of the public-school system at 22 years of age. SANT provides training and support for adults with diagnoses such as autism, Asperger's, Down syndrome, cerebral palsy, brain trauma and other disabilities. The level of need for the clients attending SANT range from moderate to severe. The day habilitation program for these adults includes training for independent living, personal care, health (mind, body, and nutrition), socialization, and vocational and pre-vocational skills. There is also a dedicated nurse on staff to assist with medical needs.

Note 14 – Cares Act Funding:
Special Abilities applied for the PPP program under the Cares Act and received $112,100 on May 5, 2020. It also applied for the 2nd round of PPPs in 2021 and received $112,375. The 2020 & 2021 PPP advances were forgiven by amendments to the Cares Act in 2021. Special Abilities also applied for Employee Retention Credits (ERC) in 2020 and 2021. $104,125 in retention credits were received in 2021.

Special Abilities of North Texas, Inc.
Donor Restriction Schedule
Calendar 2021

Donor	Restricted Funds as of 01/01/21	Restricted Funds Received in 2021	Restricted Funds Released in 2021	Restricted Funds as of 12/31/21
United Way of Denton County	-	47,700	47,700	-
Totals	-	47,700	47,700	-