Special Abilities of North Texas, Inc.

1511 Justin Road, Suite B, Lewisville, Texas 75077

Financial Statements
December 31, 2023

John W. Jones, CPA
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Special Abilities of North Texas, Inc.
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John W. Jones

Certified Public Accountant

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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, 2023, 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, 2023, 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
July 23, 2024

Special Abilities of North Texas, Inc.
Statement of Financial Position
December 31, 2023

Assets

Current Assets:		
Cash		$101,824
Program Receivables	93,375	
Less: Program AR Bad Debt Reserve	(3,064)	
Net Program Receivables		90,311
Prepaid Expenses		17,410
Total Current Assets		209,545
Property & Equipment:		
Furniture and Fixtures	107,650	
Less Accumulated Depreciation	(104,013)	
Net Property & Equipment		3,637
Other Assets:		
Receivable - Affiliate		52,881
Total Other Assets		52,881
Total Assets		$266,063

Liabilities and Net Assets

Current Liabilities:		
Accounts Payables		$9,111
Accrued Payables		12,553
Accrued Payroll		22,893
Notes Payable - Bank - Current Portion		1,782
Total Current Liabilities		46,339
Long Term Liabilities:		
Notes Payable - SBA EIDL	153,583	
Less Current Portion	(1,782)	
Net Notes Payable - SBA EIDL		151,801
Total Long Term Liabilities		151,801
Total Liabilities		198,140
Net Assets		
Without Donor Restrictions		67,923
With Donor Restrictions		-
Total Liabilities and Net Assets		$266,063

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, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Totals
Mission Operation:			
Mission Operations Revenue:			
Program Revenue	$602,574	$0	$602,574
Total Mission Operating Revenue	602,574	-	602,574
Mission Operations Expenses:			
Program Expenses	$911,137	-	$911,137
Supporting Expenses	$83,800	-	$83,800
Total Mission Operating Expense	994,937	-	994,937
Mission Operating Funds Deficiency	(392,363)	-	(392,363)
Grants, Donations & Fundraising Revenue:			
Grants - Corporations & Governments	27,600	-	27,600
Contributions - Non-Profits	29,697	(20,000)	9,697
Contributions - Individuals	315,203	-	315,203
Restricted Funds Release - Non-Profits	-	20,000	20,000
Special Event Revenue - Net of Costs	132,470	-	132,470
Total Grants, Donations, & Fundraising Revenue	504,970	-	504,970
Investment Income:			
Interest Income	406	-	406
Interest Expense	(1,562)		(1,562)
Decrease in Net Assets	111,451	-	111,451
Net Assets, Beginning of Year	(43,528)	-	(43,528)
Net Assets, End of Year	$67,923	$0	$67,923

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, 2023

	Program Totals	Management & General	Fundraising	Supporting Totals	Expense Totals
Advertising	$0	$0	$2,920	$2,920	$2,920
Building - Insurance	25,522	789	-	789	26,311
Building - Rent	82,697	2,558	-	2,558	85,255
Building - Repairs	6,402	198	-	198	6,600
Building - Security	815	25	-	25	840
Building - Utilities	31,818	984	-	984	32,802
Client Programs	49,746	-	-	-	49,746
Client Training	1,114	-	-	-	1,114
Client Transportation	8,082	-	-	-	8,082
Computer Support	5,281	932	-	932	6,213
Contract Labor	26,400	-	-	-	26,400
Depreciation	6,451	199	-	199	6,650
Dues & Subscriptions	3,472	3,472	3,472	6,944	10,416
Employee Appreciation	713	-	-	-	713
Hiring Costs	2,959	-	-	-	2,959
Insurance - Casualty	490	489	-	489	979
Insurance - Health	74,546	3,670	3,369	7,039	81,585
Office Supplies	3,323	831	831	1,662	4,985
Payroll	529,520	26,066	23,935	50,001	579,521
Professional Fees	237	1,500	-	1,500	1,737
Taxes - Payroll	42,821	2,108	1,935	4,043	46,864
Telephone	4,679	1,560	1,559	3,119	7,798
Travel	4,049	398	-	398	4,447
Total Costs	$911,137	$45,779	$38,021	$83,800	$994,937

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, 2023

Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets		$111,451
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	6,650	
(Increase) / Decrease In Program Receivables	(26,956)	
(Increase) / Decrease in Prepaid Expenses	(215)	
Decrease / (Increase) in Accounts Payable	(1,726)	
Decrease / (Increase) in Accrued Payables	1,916	
Decrease / (Increase) in Accrued Payroll	67	
Total Adjustments		(20,264)
Net Cash Provided by Operating Activities		91,187
Cash Flows From Investing Activities		
Equipment Acquisition	-	-
Cash Flows From Financing Activities:		
Affiliates Receivable / Increase	(40,009)	
SBA - EIDL Loan Increase / (Decrease)	(6,520)	
Net Cash Decreased in Investing Activities		(46,529)
Net Increase in Cash		44,658
Cash, Beginning of Year		63,284
Cash, End of Year		$107,942

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, 2023

Cash and Cash Equivalents	$101,824
Program Receivables	90,311
Related Party Receivables	52,881
Total Available Funds	245,016
Vendor Payable - Year End	44,557
Net Liquidity Available for Operations	200,459
Less Guaranteed Payments:	
12 Monthly Facility Rent Pmts	93,972
12 Monthly SBA EIDL Pmts	7,692
Total Annual Guaranteed Payments	101,664
Available Year End Liquidity	$98,795

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

Note 1 – Mission:

Empower adults with Intellectual and Developmental Disabilities (IDD) through individualized skills and socialization support. Our Mission is to provide the highest quality care, training, and support to adults with developmental disabilities, giving them opportunities to succeed in life, family, and the community. We prioritize offering inclusive activities to people with varying disabilities and needs. We serve adults aged 18 and up with diagnoses including down syndrome, autism, cerebral palsy, and other developmental disabilities. The clients served deserve a name that fits just how hard they work, how talented they are, and how much potential each person has. SANT believes that every person, regardless of diagnosis, disability, or circumstance, can excel with the support of their loved ones, staff, and the community. That is why SANT calls their clients ACEs – Adults Creating Excellence.

Note 2 – Programs:

Special Abilities of North Texas ("SANT") offers support to the ACEs:

Community Inclusion and Social Development: We believe strongly that each citizen with special needs has the right to be an accepted and productive member of the community. Our ACEs frequently attend local events and activities, and volunteer with public organizations. These include museums, zoos, festivals, libraries, and sporting events to name a few.

Home and Independent Living Skills: Seeking independence is a part of life for every human being. Through this program, ACEs are trained in home living, money management, communications, public transportation, shopping, personal care and more.

Pre-vocational and Vocational Training: This program creates an opportunity for ACEs to develop and improve their vocational abilities. Examples include customer service, clerical work such as filing and computer skills, custodial maintenance, and inventory control.

Creative Arts: In this program ACEs learn through igniting their creativity. In addition to creating beautiful works of art, motor skills are honed, and hidden talents are discovered.

Health and Fitness: This program is dedicated to educating ACEs about ways to maintain and improve their overall health, in mind and body. ACEs participate in physical training exercises that match their abilities and learn about healthy nutrition through engaging activities.

<u>Note 3 – Accomplishments of SANT:</u>

SANT 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, down syndrome, cerebral palsy, brain trauma and other disabilities. The level of need for the clients attending SANT ranges 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.

<u>Note 4 – Organization and Nature of Operations:</u>

Special Abilities of North Texas, Inc. ("SANT") 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. SANT is supported primarily through government and corporate grants, fundraising events, and private donor contributions.

<u>Note 5 – Clients:</u>

During 2023 Special Abilities provided much needed services to 104 clients. A total of 87,137 hours of services were provided to clients. The 2023 client services billings were $602,574. The client service billings in 2022 were $389,858. SANT became a licensed Individualized Skills and Socialization provider with Texas Health and Human Services in 2023. This provides higher billings rates for clients enrolled in Home and Community -Based Services (HCS), Texas Home Living (TxHml) and Deaf Blind Multiple Disability (DBMD) waiver programs.

<u>Note 6 – Client Billings:</u>

The client services provided by Special Abilities have varied over the past several years. Due to Covid 19, Special Abilities shut down as of March 31, 2020. Full operations resumed in March 2021. Special Abilities' client service billings for the last 6 years have been:

Year	Annual Billings	Year	Annual Billings
2018	$502,692	2022	$389,858
2019	$703,352	2023	$602.574
2020	$136,266		
2021	$308,749		

Note 7 - Program Locations:
Services are provided at 1511 Justin Road, Suite B, Lewisville, Texas.

Note 8 – Financial Support:
As a charitable nonprofit, SANT relies on community support. These include fundraising events, public charitable donations, individual contributions, and grants. Funding for client services is provided by (1) HCS, (2) CLASS funds, (3) Texas Home Living (TXHML), (4) General Revenue (GR) and, (5) private payments.

Note 9 – Delinquent Client Payments:
As of December 31, 2022, Special Abilities had reserved receivables as possible bad debts. The receivables were not collected, and both the reserves and receivables were reversed in 2023. As of December 31, 2023, a separate reserve was recorded for $3,064 to cover possible receivable losses occurring in 2024.

Note 10 – Leased Facility:

SANT's 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 2023 of $81,655 under a multi-year lease agreement.

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. After expiration, the lease is on a month-to-month basis at the same monthly rate. In June 2023, the lease was extended for an additional 3 years, but at a rate of $7,831.61 per month. The lease provides that in addition to rent SANT 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
2020	$52,227
2021	$69,620
2022	$69,967
2023	$81,655
Total	$261,146

Note 11 – Notes Receivable from Affiliates:

As of December 31, 2022, Special Abilities had advanced the Foundation $12,872. During 2023 Special Abilities loaned an additional $40,009 to the Foundation to meet increased interest charges on the facilities loan. Repayment of the advances will be made in future years through fundraising and rent adjustments.

Note 12 – 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. Notable donations were provided by the following contributors:

Organization	Donation $
United Way of Denton County	$20,674
City of Lewisville	$8,250
Flower Mound Rotary	$4,000
Lewisville Rotary	$4,000
CoServ Foundation	$10,000
City of Highland Village	$4,100
Communities Foundation of Texas	$5,485
Other Individual & Company Donations	$315,991
2023 Donation Totals	$372,500

Note 13 – Equipment and Depreciation:

Special Abilities has $107,650 in equipment, furniture, fixtures, and autos. No equipment was acquired in 2023. Straight line depreciation is used with useful lives of 5, 7, and 15 years. During calendar year 2023 depreciation expense of $6,650 was recognized.

Note 14 – Fundraising Events:

In 2023 Special Abilities held a fundraising event: Denim & Diamonds Gala. The total sponsorship contributions and patron payments totaled $165,774. The direct costs for the event were $33,108, which nets to a profitable fundraising event of $132,666.

Note 15 – SBA EIDL Loan Funding:

In 2020 Special Abilities received an SBA/EIDL loan of $150,000. The loan interest rate is 2.75%. The 1st required payment was made in January 2023 in the amount of $641. The loan accrues interest from the funding date but was deferred until the January 2023 initial payment. The deferred interest amount was $3,583 as of December 31, 2023.

Note 16 – 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 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, 2023.

Contributions and Unconditional Promises to Give:

Contributions are recognized as revenue when received. Contributions that are restricted by the donor are reported as an increase in revenue but are 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 that are due in more than one year are only 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.

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, 2023.

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 the 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:
SANT 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, 2023. 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, 2023.

Advertising and Promotion:
Advertising and promotion costs are expensed as incurred. However, in calendar 2023 only $2,920 of advertising costs were incurred.

Special Abilities of North Texas, Inc.
Donor Restriction Schedule
Calendar 2023

Donor	Restricted Funds as of 01/01/23	Restricted Funds Received in 2023	Restricted Funds Released in 2023	Restricted Funds as of 12/31/23
United Way of Denton County	-	20,000	20,000	-
Totals	-	$20,000	$20,000	-