



FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

REPORT FROM
TILL, HESTER, EYER & BROWN, P.C.
Certified Public Accountants
BIRMINGHAM, ALABAMA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alabama Head Injury Foundation, Inc.
Birmingham, Alabama

We have audited the accompanying financial statements of Alabama Head Injury Foundation, Inc. (a non-profit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alabama Head Injury Foundation, Inc. as of September 30, 2021 and 2020, 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.

Till, Hester, Eyer & Brown, P.C.

February 14, 2022

ALABAMA HEAD INJURY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 381,535	\$ 406,380
Accounts receivable	1,274	7,620
Grants receivable	42,605	30,310
Prepaid expenses	2,628	2,276
Property and equipment, net	3,176	2,311
Beneficial interest in assets held by others	344,907	166,776
Beneficial interest in assets held by others-restricted	37,653	31,311
Deposits	<u>3,052</u>	<u>3,052</u>
TOTAL ASSETS	\$ <u>816,830</u>	\$ <u>650,036</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 31,189	\$ 19,797
Accrued paid time off	71,866	81,168
Accrued payroll and related taxes	2,498	10,063
Benefits payable	9,787	9,787
PPP loan	<u>-</u>	<u>112,000</u>
TOTAL LIABILITIES	115,340	232,815
NET ASSETS		
Without donor restrictions	632,725	357,778
With donor restrictions	<u>68,765</u>	<u>59,443</u>
TOTAL NET ASSETS	<u>701,490</u>	<u>417,221</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>816,830</u>	\$ <u>650,036</u>

See accompanying notes.

ALABAMA HEAD INJURY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
United Way	\$ 177,361	\$ -	\$ 177,361
Contributions	64,005	4,080	68,085
Government grants	753,385	-	753,385
Gain upon debt extinguishment - PPP	250,155	-	250,155
Revive Alabama Coronavirus grant	20,000	-	20,000
Special events and fundraising	4,050	-	4,050
Interest and investment income, net	28,818	5,242	34,060
Other revenue	7,290	-	7,290
Total support and revenues	<u>1,305,064</u>	<u>9,322</u>	<u>1,314,386</u>
EXPENSES			
Resource coordination	458,376	-	458,376
Respite care	52,393	-	52,393
Support groups	168,344	-	168,344
TBI camps	105,472	-	105,472
Other TBI programs	171,354	-	171,354
Fundraising	15,822	-	15,822
General and administrative	58,356	-	58,356
Total expenses	<u>1,030,117</u>	<u>-</u>	<u>1,030,117</u>
CHANGE IN NET ASSETS	274,947	9,322	284,269
NET ASSETS AT BEGINNING OF YEAR	<u>357,778</u>	<u>59,443</u>	<u>417,221</u>
NET ASSETS AT END OF YEAR	<u>\$ 632,725</u>	<u>\$ 68,765</u>	<u>\$ 701,490</u>

See accompanying notes.

ALABAMA HEAD INJURY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
United Way	\$ 189,962	\$ -	\$ 189,962
Contributions	66,145	800	66,945
Government grants	730,579	-	730,579
Revive Alabama Coronavirus grant	14,550	-	14,550
Special events and fundraising	14,147	-	14,147
Interest and investment income, net	10,145	1,779	11,924
Other revenue	17,455	-	17,455
Total support and revenues	<u>1,042,983</u>	<u>2,579</u>	<u>1,045,562</u>
EXPENSES			
Resource coordination	524,273	-	524,273
Respite care	70,230	-	70,230
Support groups	131,617	-	131,617
TBI camps	40,804	-	40,804
Other TBI programs	137,858	-	137,858
Fundraising	23,041	-	23,041
General and administrative	60,264	-	60,264
Total expenses	<u>988,087</u>	<u>-</u>	<u>988,087</u>
CHANGE IN NET ASSETS	54,896	2,579	57,475
NET ASSETS AT BEGINNING OF YEAR	<u>302,882</u>	<u>56,864</u>	<u>359,746</u>
NET ASSETS AT END OF YEAR	<u>\$ 357,778</u>	<u>\$ 59,443</u>	<u>\$ 417,221</u>

See accompanying notes.

ALABAMA HEAD INJURY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2021

	Program Services							General and	
	Resource Coordination	Respite Care	Support Groups	TBI Camps	Other TBI Programs	Total Program	Fundraising	Administrative	Total
Bank charges	\$ 33	\$ 1	\$ 13	\$ 5	\$ 5	\$ 57	\$ 135	\$ 4	\$ 196
Camp	-	-	-	36,557	-	36,557	-	-	36,557
Client case funds	3,130	-	-	386	25	3,541	-	-	3,541
Depreciation	308	14	118	45	45	530	11	34	575
Dues	450	19	172	66	66	773	16	50	839
Employee benefits	37,700	1,617	14,406	5,544	5,563	64,830	1,344	4,151	70,325
Home health and respite care	-	33,323	-	-	-	33,323	-	-	33,323
Insurance	3,408	146	1,302	501	503	5,860	121	375	6,356
Marketing	907	39	347	133	-	1,426	-	-	1,426
Meetings: Staff and board	107	-	2	1	1	111	-	1	112
Miscellaneous	860	38	328	128	107	1,461	27	77	1,565
Occupancy	21,760	933	8,315	3,200	1,288	35,496	311	961	36,768
Payroll taxes	31,521	1,352	12,045	4,636	1,145	50,699	242	749	51,690
Postage	1,285	55	522	189	124	2,175	269	79	2,523
Printing	2,185	94	835	327	180	3,621	434	134	4,189
Professional services	477	20	182	70	107,605	108,354	-	14,450	122,804
Salaries	332,011	14,404	125,021	49,298	49,033	569,767	11,974	36,981	618,722
Software	557	-	407	1	846	1,811	456	1	2,268
Staff development	415	-	-	-	175	590	-	-	590
Supplies	5,294	227	2,070	994	1,132	9,717	85	114	9,916
Support group	-	-	1,021	-	-	1,021	-	-	1,021
Telephone	6,510	76	877	368	311	8,142	63	195	8,400
Travel	9,458	35	361	3,023	3,200	16,077	334	-	16,411
	<u>\$ 458,376</u>	<u>\$ 52,393</u>	<u>\$ 168,344</u>	<u>\$ 105,472</u>	<u>\$ 171,354</u>	<u>\$ 955,939</u>	<u>\$ 15,822</u>	<u>\$ 58,356</u>	<u>\$ 1,030,117</u>

See accompanying notes.

ALABAMA HEAD INJURY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2020

	Program Services							General and	
	Resource Coordination	Respite Care	Support Groups	TBI Camps	Other TBI Programs	Total Program	Fundraising	Administrative	Total
Bank charges	\$ 42	\$ 2	\$ 10	\$ 3	\$ 4	\$ 61	\$ 104	\$ 4	\$ 169
Camp	-	-	-	1,663	-	1,663	-	-	1,663
Client case funds	2,809	-	-	-	-	2,809	-	-	2,809
Depreciation	359	18	85	27	36	525	12	38	575
Dues	533	27	127	40	53	780	18	56	854
Employee benefits	40,458	2,040	9,645	2,999	4,002	59,144	1,350	4,259	64,753
Events	-	-	-	-	-	-	6,809	-	6,809
Home health and respite care	-	45,053	-	-	-	45,053	-	-	45,053
Insurance	3,928	197	937	291	389	5,742	131	414	6,287
Marketing	896	45	214	66	6	1,227	2	6	1,235
Meetings: Staff and board	417	18	87	27	36	585	35	38	658
Miscellaneous	2,563	129	609	189	252	3,742	85	269	4,096
Occupancy	28,201	1,422	6,724	2,090	966	39,403	325	1,028	40,756
Payroll taxes	32,523	1,640	7,754	2,410	788	45,115	266	838	46,219
Postage	1,674	84	399	124	70	2,351	217	59	2,627
Printing	7,852	396	1,872	582	1,307	12,009	35	109	12,153
Professional services	2,993	148	699	822	80,210	84,872	-	13,800	98,672
Salaries	366,027	18,454	87,269	27,128	36,204	535,082	12,218	38,534	585,834
Software	456	11	458	17	22	964	464	24	1,452
Staff development	299	-	-	-	-	299	-	-	299
Supplies	8,250	416	1,967	611	3,357	14,601	198	623	15,422
Support group	-	-	6,367	-	-	6,367	-	-	6,367
Telephone	6,608	76	365	124	198	7,371	55	158	7,584
Travel	17,385	54	6,029	1,591	9,958	35,017	717	7	35,741
	<u>\$ 524,273</u>	<u>\$ 70,230</u>	<u>\$ 131,617</u>	<u>\$ 40,804</u>	<u>\$ 137,858</u>	<u>\$ 904,782</u>	<u>\$ 23,041</u>	<u>\$ 60,264</u>	<u>\$ 988,087</u>

See accompanying notes.

ALABAMA HEAD INJURY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 284,269	\$ 57,475
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	575	575
Contributed beneficial interest	(151,100)	(750)
(Gain) on extinguishment of debt - PPP	(250,155)	-
Net (gains) on beneficial interest in assets held by others	(33,373)	(11,147)
(Increase) decrease in:		
Accounts and grants receivable	(5,949)	184,588
Prepaid expenses	(352)	3,017
Deposits	-	1,091
Increase (decrease) in:		
Accounts payable	11,392	3,247
Accrued payroll and related taxes	(7,565)	1,420
Accrued paid time off	(9,302)	8,864
Benefits payable	-	(2,244)
Deferred revenue	-	(2,800)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(161,560)</u>	<u>243,336</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(1,440)</u>	<u>-</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(1,440)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP loan proceeds	<u>138,155</u>	<u>112,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>138,155</u>	<u>112,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,845)	355,336
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>406,380</u>	<u>51,044</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>381,535</u></u>	\$ <u><u>406,380</u></u>

See accompanying notes.

ALABAMA HEAD INJURY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Alabama Head Injury Foundation, Inc. (the “Foundation” or “AHIF”) is a non-profit organization formed to improve the quality of life for survivors of traumatic brain injury (TBI) and for their families. The Foundation’s support comes primarily from contributions and state grants. Approximately 59% and 71% of the Foundation’s support was provided by the State of Alabama for the years ended September 30, 2021 and 2020, respectively. Its programs include:

- Resource Coordination - Local staff (Client Specialists) in communities across Alabama work directly with traumatic brain injury survivors and their family to identify financial resources available to assist with long-term care; to secure durable medical equipment and necessary home modifications; to help get medical bills written-off or reduced; and to establish annual goals for both the survivor and the caregivers.
- Respite Care - AHIF works with local home health agencies to provide limited respite care opportunities for caregivers of traumatic brain injury survivors.
- Support Groups - AHIF Field Staff hold Zoom support groups and local support group meetings, to provide survivors and their families with opportunities to learn about opportunities in their community; to learn about advancements/developments in the field of TBI care; to share strategies for coping with TBI; and to provide recreational and social activities to combat the social isolation that often comes with TBI.
- TBI Camps - AHIF offers multiple recreational camp opportunities for survivors at Camp ASCCA in Jackson’s Gap, Alabama and at Camp McDowell in Nauvoo, Alabama.
- Bright Ideas TBI Camp - AHIF offers university-based therapy camps to longer-term TBI survivors to help jump start additional recovery.
- Caregiver Programs - AHIF offers caregiver support groups aimed at developing a support system for caregivers of TBI survivors.

ALABAMA HEAD INJURY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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- Mental Health Counseling - AHIF works with a mental health counselor, AHIF staff, and AHIF interns to provide mental health counseling services, available to both survivors and caregivers who are struggling with the emotional consequences of living with a TBI or caring for a TBI survivor.
- Other TBI Programs - AHIF partners with the Alabama Department of Rehabilitation Services (ADRS) through a Federal Administration for Community Living (ACL) grant to investigate opportunities to identify TBI survivors within the Alabama Department of Mental Health and ensure they are offered specific support for any challenges or needs that are a direct result of their TBI.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation and Revenue Recognition

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

ALABAMA HEAD INJURY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Foundation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Interest income and other miscellaneous income is recognized when received.

Income from ticket sales, sponsorships, advertising and events may be received in advance of providing the service. These advance payments are reported as deferred revenue. Revenue is recognized in the period the event is held or the service is provided. Payment is due prior to the start of the event.

Contributions of donated noncash assets are recorded at their fair values in the period received. Noncash donations of supplies, food, advertising and spaces for fundraising events and support group meetings totaling \$-0- and \$8,150 for the years ended September 30, 2021 and 2020, respectively, have been recorded in the Statements of Activities as donations and expenses for the value of those items received.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. Although the Foundation receives the generous support of volunteers who assist in fund-raising and special projects, those services do not meet the criteria for recognition in the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are determined to be cash and investments having an original maturity date of three months or less and certificates of deposit maturing within one year. Cash with donor restrictions represents funds received but not yet transferred to the Charles Priest Endowed Fund, see Note C for further information on the endowment fund.

ALABAMA HEAD INJURY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

Income Taxes

The Foundation is a non-profit organization established under section 501(c)(3) of the Internal Revenue Code and is exempt from taxation. Therefore, no provision or liability for income taxes has been included in these financial statements. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purposes.

The Foundation's federal exempt organization tax returns are subject to possible examination by the Internal Revenue Service. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Accounts Receivable

The Foundation reports accounts receivable at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings. Based on management's review of accounts, no allowance for doubtful accounts was considered necessary at September 30, 2021 and 2020.

Government Grants and Grants Receivable

The Foundation records grants receivable and revenues based on the budget approved and services provided. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the contracts. Government grants are generally considered as contributions with donor restrictions based upon specific requirements contained in the grant contract. Government grant revenues received and expended in the same fiscal year are reflected as revenues without donor restrictions. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. During the years ended September 30, 2021 and 2020, the Foundation did not write off any grants receivable. As of September 30, 2021, the Foundation believes all grants receivable are collectible and did not provide an allowance for doubtful accounts. All grant receivables for September 30, 2021 and 2020 were from the State of Alabama.

ALABAMA HEAD INJURY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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Property and Equipment

Purchased property and equipment are stated at cost; donated assets are valued at their estimated fair value on the date donated. Gifts of property and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as donor restricted support. Absent explicit donor stipulations about how those assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service.

All assets are depreciated over estimated useful lives under the straight line and accelerated methods. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset values or extend useful lives are capitalized.

Acquisitions of property and equipment in excess of \$750 that meet the capitalization requirements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included on the statements of activities. Depreciation expense was \$575 for the years ended September 30, 2021 and 2020.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain categories of expenses are attributable to programs and administrative support. The expenses include salaries, payroll taxes and other benefits, depreciation, insurance, meetings, occupancy, postage, printing, supplies, telephone and travel. Expenses are allocated based on estimates of time and effort.

Advertising/Marketing

The Foundation expenses the cost of advertising the first time the advertising/marketing activity takes place. Total advertising expense included in expenses during the years ended September 30, 2021 and 2020 was \$1,426 and \$1,235, respectively.

Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue Recognition (Topic 606): Revenue from Contracts with Customers*. This ASU introduced a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to

ALABAMA HEAD INJURY FOUNDATION, INC.
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customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 was adopted October 1, 2019, applied retrospectively and did not result in any changes to the financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15). ASU 2016-15 clarifies how entities present and classify certain cash receipts and cash payments in the statement of cash flows where diversity in practice exists. ASU 2016-15 was adopted effective October 1, 2019 and did not result in any changes to the presentation of the statement of cash flows upon adoption.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 was adopted effective October 1, 2019, applied retrospectively and did not result in any changes to the financial statements.

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU No. 2018-13 modifies the disclosure requirements for fair value measurements in Topic 820, Fair Value Measurement. The amendments are based on the concepts in the FASB Concepts Statement, Conceptual Framework for Financial Reporting - Chapter 8: Notes to Financial Statements, which the FASB finalized on August 28, 2018. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019. The Foundation adopted the new standard in the current year. See Note H for a summary of required disclosures.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU Update 2016-02, *Leases (Topic 842)*. Under the new guidance a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP - which requires only capital leases to be recognized on the statement of financial position - the new ASU will require both types of leases to be recognized on the statement of financial position.

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ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Organization is assessing the impact this recent accounting pronouncement will have on its financial statements.

NOTE B - CASH

At September 30, 2021 and 2020, current cash balances consist of the following:

	2021	2020
Cash - Without donor restrictions	\$ 380,935	\$ 405,980
Cash - With donor restrictions	<u>600</u>	<u>400</u>
	\$ <u>381,535</u>	\$ <u>406,380</u>

NOTE C - CHARLES PRIEST ENDOWED FUND

During the year ended September 30, 2014, the Foundation established the Charles Priest Endowed Fund (the Fund). The Fund was established to receive permanently restricted contributions to honor the leadership, commitment, and twenty-four years of service of Mr. Charles D. Priest. Once the Fund reaches a minimum balance of \$25,000, a 5% spending policy may be applied to the Fund to allow income generated from the Fund to support the operations of the Foundation. During the year ended September 30, 2016, the Foundation transferred the accumulated contributions and earnings to a community foundation to increase the earnings on the funds. See Note G for further details. Changes in the endowed funds as of September 30, are as follows:

	2021	2020
Endowed funds, beginning of year	\$ 31,711	\$ 29,131
Contributions	1,300	800
Investment return, net	<u>5,242</u>	<u>1,780</u>
Endowed funds, end of year	\$ <u>38,253</u>	\$ <u>31,711</u>

ALABAMA HEAD INJURY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE D - PROPERTY AND EQUIPMENT

At September 30, 2021 and 2020, property and equipment consist of the following:

	2021	2020
Equipment	\$ 8,081	\$ 6,641
Less accumulated depreciation	<u>(4,905)</u>	<u>(4,330)</u>
	\$ <u>3,176</u>	\$ <u>2,311</u>

NOTE E - DESCRIPTION OF LEASING ARRANGEMENTS

The Foundation leases its office space under an operating lease which calls for monthly rent with a 4% increase on January 1, 2022 and 2024. Total rent expense for the years ended September 30, 2021 and 2020 was \$36,623 and \$34,239 respectively.

The Foundation leases equipment under various operating leases through June 2023. Total rent expense for the years ended September 30, 2021 and 2020 was \$2,406 and \$1,613, respectively.

Minimum rental commitments on noncancellable operating leases for the next five years as of September 30 are as follows:

2022	\$ 40,256
2023	40,378
2024	41,024
2025	40,351
2026	39,600

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NOTE F - SUMMARY OF GRANTS/CONTRACTS FUNDING

The following is a summary of grants and contracts for the year ended September 30, 2021:

<u>Funding Source</u>	<u>Grant Contract Number</u>	<u>Grant Contract Period</u>	<u>Total Grant Contract</u>	<u>Recognized Support</u>
State of Alabama Department of Rehabilitation Services - Administration for Community Living (ACL) program	AE0087MS25 (as amended)	June 1, 2020 - December 31, 2021	\$ 193,361	\$ 129,583
State of Alabama Department of Rehabilitation Services - Administration for Community Living (ACL) program	AE1087M69	August 1, 2021 - July 31, 2022	182,936	-
State of Alabama Department of Rehabilitation Services - Alabama Head and Spinal Cord Injury Trust Fund (AHSCITF) Case Management Initiative	AE0087MS09	October 1, 2020 - September 30, 2021	623,802	<u>623,802</u>
				<u>\$ 753,385</u>

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The following is a summary of grants and contracts for the year ended September 30, 2020:

Funding Source	Grant Contract Number	Grant Contract Period	Total Grant Contract	Recognized Support
State of Alabama Department of Rehabilitation Services - Administration for Community Living (ACL) program	AE9087MS27	July 1, 2019 - May 31, 2020	\$ 135,600	\$ 83,281
State of Alabama Department of Rehabilitation Services - Administration for Community Living (ACL) program	AE0087M25	June 1, 2020 - May 31, 2021	135,600	23,496
State of Alabama Department of Rehabilitation Services - Alabama Head and Spinal Cord Injury Trust Fund (AHSCITF) Case Management Initiative	AE0087MS09 (as amended)	October 1, 2019 - September 30, 2020	623,802	<u>623,802</u>
				\$ <u><u>730,579</u></u>

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NOTE G - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Two agency funds are held by the Community Foundation of West Alabama (“CFWA”) for the benefit of the Foundation: the Charles Priest Endowed Fund and the Alabama Head Injury Foundation, Inc. Fund (AHIF Fund). The CFWA retains variance power with respect to both funds. That power gives the CFWA the right to distribute the investment income to another not-for-profit entity of its choice if the Foundation ceases to exist. Transfers from the Foundation to the agency funds held by the CFWA for its benefit with no donor obligations to do so, in accordance with U.S. GAAP, are recorded as assets (beneficial interest in assets held by others) on the books of the Foundation even though the CFWA retains variance power, as the Foundation named itself as beneficiary. The Foundation can withdraw all or a portion of the original amount transferred, any appreciation on those transferred assets or both, less management fees, upon request. The agreements can be terminated at any month end upon thirty days’ formal notice by either party.

Charles Priest Endowed Fund (Permanently restricted) - During the year ended September 30, 2016, the Foundation transferred \$20,989 from an interest-bearing account to the CFWA to establish the Charles Priest Endowed Fund as an agency fund. There were no distributions of income during the years ended September 30, 2021 and 2020. At September 30, 2021 and 2020, the endowment fund has a value of \$37,653 and \$31,311, respectively.

AHIF Fund - During the year ended September 30, 2017, the Foundation transferred \$140,000 to establish the AHIF Fund with the CFWA for the benefit of the Foundation. The purpose of the AHIF Fund is to assist the Foundation with operational expenses. There were no distributions of income during the years ended September 30, 2021 and 2020. At September 30, 2021 and 2020, the fund has a value of \$344,907 and \$166,776, respectively.

NOTE H - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

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The Foundation follows ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Foundation has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following is a description of the valuation methodology used for assets measured at fair value:

- Beneficial interest in assets held by others is considered a Level 3 asset and is reported at the fair value based on values provided by the CFWA. CFWA determines the fair values based on the unit value of the Foundation's interest in the pools in which it has invested. The unit is based on the fair value of the underlying assets in the pools (see Note G).

The following tables present the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at September 30, 2021 and 2020:

Fair Value Measurements on a Recurring Basis

At September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
Beneficial interest in assets held by others	\$ <u>-</u>	\$ <u>-</u>	\$ <u>382,560</u>	\$ <u>382,560</u>

ALABAMA HEAD INJURY FOUNDATION, INC.
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At September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
Beneficial interest in assets held by others	\$ <u>-</u>	\$ <u>-</u>	\$ <u>198,087</u>	\$ <u>198,087</u>

The following schedule summarizes the investment return in the statement of activities for the years ended September 30:

	2021	2020
Bank interest	\$ 687	\$ 777
Dividends and interest	4,968	4,236
Net realized and unrealized gains (losses)	30,977	8,762
Fees	<u>(2,572)</u>	<u>(1,851)</u>
Investment income, net	\$ <u>34,060</u>	\$ <u>11,924</u>

The amount of total gains for the period included in changes in net assets attributable to the change in unrealized gains relating to investments still held at the reporting date	\$ <u>25,222</u>	\$ <u>6,228</u>
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Investment revenues are reported net of related external and direct internal investment expenses in the statement of activities.

NOTE I - RETIREMENT PLAN

The Foundation has a Tax Sheltered Annuity Retirement Plan (under Section 403(b) of the Internal Revenue Code) for eligible employees of the Foundation. In accordance with Internal Revenue Service regulations, the plan does not allow for the Foundation to make discretionary contributions. Contributions may only be made by employees through salary deferrals.

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The Foundation also has a Simplified Employee Pension - Individual Retirement Account (SEP/IRA) for eligible employees. The Foundation contributes 1% for eligible employees. The Foundation's expense for the Plan was \$10,001 and \$5,350 for the years ended September 30, 2021 and 2020, respectively.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2021 and 2020, net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specificed purpose:		
ACL grant	\$ 27,732	\$ 27,732
Sunshine Fund	<u>2,780</u>	<u>-</u>
	30,512	27,732
Permanently restricted:		
Charles Priest Endowned Fund	<u>38,253</u>	<u>31,711</u>
	\$ <u><u>68,765</u></u>	\$ <u><u>59,443</u></u>

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NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflect the Foundation's financial assets as of the statement of financial position date, reduced by donor-imposed restrictions:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 381,535	\$ 406,380
Accounts receivable	1,274	7,620
Grants receivable	42,605	30,310
Beneficial interest in assets held by others	<u>382,560</u>	<u>198,087</u>
Total financial assets	807,974	642,397
Less amounts not available for general expenditure within one year due to:		
Cash and beneficial interest in assets held by others with permanent restrictions	(38,253)	(31,711)
Amounts restricted for specific purpose	<u>(30,512)</u>	<u>(27,732)</u>
	<u>(68,765)</u>	<u>(59,443)</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>739,209</u>	\$ <u>582,954</u>

The Foundation's primary sources of support are government grants, United Way, contributions, and fundraising events.

The Foundation has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability and within budgeted amounts, maintaining liquidity to fund near-term operations, and maintaining sufficient reserves to fund future operations.

NOTE L - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation had uninsured cash balances of \$136,396 and \$159,325 at September 30, 2021 and 2020, respectively.

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NOTE M - SPECIAL BORROWING ARRANGEMENT

Due to the passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Foundation was able to obtain Small Business Administration Loans through the Paycheck Protection Program (PPP), which was a result of Congress's action to alleviate the financial crisis by helping to pay employees. The Foundation elected to account for the loans under the guidance in ASC 470, *Debt*, by reporting the loans as short-term debt on the statement of financial position. The Foundation also elected to derecognize the debt when the debt is extinguished in accordance with the guidance in ASC 405-20, *Liabilities: Extinguishments of Liabilities*, for any loan forgiven under the terms of the program.

In April 2020, the Foundation entered into an agreement with a bank to obtain a Small Business Administration Loan through the Paycheck Protection Program (PPP). This loan was set to mature in April of 2022 and bore an interest rate of 1%. As of September 30, 2020, the loan had not been forgiven. As such, the Foundation reported the loan as short-term debt on the statement of financial position.

In January 2021, the Foundation entered into an agreement with a bank to obtain an additional PPP loan under the Consolidated Appropriation Act. During the year ended September 30, 2021, the Foundation applied for and received notification that both loans were forgiven, and the bank had been paid in full. The Foundation recorded the amount of the loans that were forgiven as income upon receipt of the notice of forgiveness. This amount is reported as gain upon debt extinguishment on the statement of activities.

NOTE N - SIGNIFICANT EVENT

During March 2020, the COVID-19 virus was declared a global pandemic as it rapidly spread. Measures taken by various governments to contain the virus have affected economic activities of various entities worldwide. Travel restrictions and the prohibitions of events/gatherings put into place by the various governmental agencies resulted in the Foundation having to cancel several fundraising events, as well as the in-person support groups and camps, and in-person visits to survivors and their family by the resource coordinators. Fortunately, with Zoom, the Foundation was able to hold virtual camps, support groups and resource coordinator visits.

Due to the passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Foundation was able to obtain a Small Business Administration Loans through the Paycheck Protection Program, which was a result of Congress's action to alleviate the financial crisis by helping to pay the Foundation's employees. See Note M for further description of these loans.

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In addition, the Foundation also received a grant in the amount of \$20,000 and \$14,550 during the years ended September 30, 2021 and 2020, respectively, from the State of Alabama, which were part of the state funds received from the CARES Act.

The ability to move to virtual events, as well as the funds received from the PPP and the Alabama grant, helped to mitigate the negative effects of the pandemic on the Foundation.

NOTE O - RELATED PARTY TRANSACTION

A regional board member, who is a mental health counselor, provided mental health counseling services to TBI survivors and their caregivers. The Foundation paid this regional board member for her services. For the years ended September 30, 2021 and 2020, the Foundation incurred \$5,450 and \$4,625, respectively, of expenses for these services.

NOTE P - SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 14, 2022 the date the financial statements were available to be issued.