



Community Homes for Adults, Inc.

FINANCIAL STATEMENTS

October 31, 2020 and 2019



Community Homes for Adults, Inc.
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October 31, 2020 and 2019

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REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Directors Community Homes for Adults, Inc.

We have audited the accompanying financial statements of Community Homes for Adults, Inc. (CHAI), a nonprofit organization, which comprise the statements of financial position as of October 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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.

Auditors' 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.

Basis for Qualified Opinion

As discussed in Note 12 to the financial statements, CHAI has control through a majority voting interest of the Board of Directors and an economic interest in Community Homes for Adults Endowment Foundation (CHAEF), a supporting organization which is not consolidated. Accounting principles generally accepted in the United States of America require CHAEF to be consolidated with CHAI. If the financial statements of CHAEF had been consolidated with those of CHAI, total net assets for 2020 would have increased by \$8,706,800 and the total change in net assets would have increased by \$257,535. For 2019 total net assets would have increased by \$8,449,265 and the total change in net assets would have increased by \$499,287.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Community Homes for Adults, Inc. as of October 31, 2020 and 2019, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Dallas, Texas
February 25, 2021



FINANCIAL STATEMENTS



Community Homes for Adults, Inc.
Statements of Financial Position

<i>October 31,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1,475,549	\$ 1,044,238
Accounts receivable	104,741	114,196
Contributions receivable	110,907	116,407
Prepaid expenses	37,507	32,172
Total current assets	1,728,704	1,307,013
Non-current assets		
Property and equipment, net	673,406	725,545
Other assets	6,046	6,046
Contributions receivable, non-current, net	8,000	13,000
Total noncurrent assets	687,452	744,591
Total assets	\$ 2,416,156	\$ 2,051,604
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 119,111	\$ 189,659
Total current liabilities	119,111	189,659
Other noncurrent liabilities	408,897	-
Total liabilities	528,008	189,659
Net assets		
Net assets without donor restrictions		
Undesignated net assets	1,275,114	1,222,711
Board-designated operating reserve	302,349	302,349
Total net assets without donor restrictions	1,577,463	1,525,060
Net assets with donor restrictions (Note 7)	310,685	336,885
Total net assets	1,888,148	1,861,945
Total liabilities and net assets	\$ 2,416,156	\$ 2,051,604

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

Community Homes for Adults, Inc.
Statements of Activities and Changes in Net Assets

For the year ended October 31,

2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenues			
Contributions			
Community Homes for Adults			
Endowment Foundation	\$ 411,768	\$ -	\$ 411,768
Other contributions	445,905	110,907	556,812
Special event income	281,721	-	281,721
Client fees	2,000,051	-	2,000,051
Other income	25,821	-	25,821
Interest income	6,264	-	6,264
<hr/>			
Total operating support and revenues before net assets released from restrictions	3,171,530	110,907	3,282,437
Net assets released from restrictions	137,107	(137,107)	-
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Total operating support and revenues after net assets released from restrictions	3,308,637	(26,200)	3,282,437
Operating Expenses			
Program services	2,708,460	-	2,708,460
Management and general	261,734	-	261,734
Fundraising	286,040	-	286,040
<hr/>			
Total operating expenses	3,256,234	-	3,256,234
<hr/>			
Change in Net Assets	52,403	(26,200)	26,203
Net Assets			
Beginning of year	1,525,060	336,885	1,861,945
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End of year	\$ 1,577,463	\$ 310,685	\$ 1,888,148

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

Community Homes for Adults, Inc.
Statements of Activities and Changes in Net Assets
(Continued)

For the year ended October 31,

2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenues			
Contributions			
Community Homes for Adults			
Endowment Foundation	\$ 392,000	\$ -	\$ 392,000
Other contributions	426,752	115,907	542,659
Special event income	290,620	-	290,620
Client fees	2,021,393	-	2,021,393
Other income	90,134	-	90,134
Interest income	14,138	-	14,138
<hr/>			
Total operating support and revenues before net assets released from restrictions	3,235,037	115,907	3,350,944
Net assets released from restrictions	121,407	(121,407)	-
<hr/>			
Total operating support and revenues after net assets released from restrictions	3,356,444	(5,500)	3,350,944
Operating Expenses			
Program services	2,725,435	-	2,725,435
Management and general	160,444	-	160,444
Fundraising	317,447	-	317,447
Contribution to Community Homes for Adults Endowment Foundation	8,388	-	8,388
<hr/>			
Total operating expenses	3,211,714	-	3,211,714
<hr/>			
Change in Net Assets	144,730	(5,500)	139,230
Net Assets			
Beginning of year	1,380,330	342,385	1,722,715
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End of year	\$ 1,525,060	\$ 336,885	\$ 1,861,945

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

Community Homes for Adults, Inc. Statements of Functional Expenses

For the years ended October 31,

2020

2019

	Program Services	Supporting Services			Total	Total
		Management and general expenses	Fundraising	Supporting services total		
Advertising	\$ -	\$ 695	\$ 624	\$ 1,319	\$ 1,319	\$ 1,031
Audit and accounting fees	-	26,465	-	26,465	26,465	24,625
Bad debt	-	30,740	-	30,740	30,740	2,448
Client services and program activities	93,600	-	-	-	93,600	100,170
Client transportation	45,316	-	-	-	45,316	60,880
Contract labor	295,982	-	-	-	295,982	328,299
Depreciation	63,625	10,655	-	10,655	74,280	70,632
Donation cost	-	-	-	-	-	3,189
Dues and subscriptions	1,681	3,190	92	3,282	4,963	6,016
Employee benefits	158,026	18,664	24,247	42,911	200,937	170,403
Employee salaries and related expenses	1,763,476	86,978	225,195	312,173	2,075,649	1,976,723
Legal	-	590	-	590	590	502
Information technology	54,283	35,214	8,478	43,692	97,975	63,250
Insurance	30,485	3,846	1,750	5,596	36,081	32,901
Office expense	2,170	17,722	8,944	26,666	28,836	15,805
Other expenses	-	10,170	7,971	18,141	18,141	7,982
Permits and licenses	300	-	-	-	300	2,031
Recruiting, certification, training and development	9,256	2,001	175	2,176	11,432	20,379
Rent	81,924	8,039	3,403	11,442	93,366	90,757
Repairs and maintenance	43,501	784	-	784	44,285	75,711
Special events expense	-	-	5,012	5,012	5,012	66,570
Travel and conferences	3,840	4,778	66	4,844	8,684	13,783
Utilities	60,995	1,203	83	1,286	62,281	69,239
Total	\$ 2,708,460	\$ 261,734	\$ 286,040	\$ 547,774	\$ 3,256,234	\$ 3,203,326
% of total expenses	83%	8%	9%			

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

Community Homes for Adults, Inc.
Statements of Functional Expenses
(Continued)

For the year ended October 31,

2019

	Program Services	Supporting Services			Total
		Management and general expenses	Fundraising	Supporting services total	
Advertising	\$ -	\$ 935	\$ 96	\$ 1,031	\$ 1,031
Audit and accounting fees	15,666	8,061	898	8,959	24,625
Bad debt	-	2,448	-	2,448	2,448
Client services and program activities	100,152	-	18	18	100,170
Client transportation	60,880	-	-	-	60,880
Contract labor	328,299	-	-	-	328,299
Depreciation	58,600	12,032	-	12,032	70,632
Donation cost	-	-	3,189	3,189	3,189
Dues and subscriptions	1,022	4,894	100	4,994	6,016
Employee benefits	140,145	12,258	18,000	30,258	170,403
Employee salaries and related expenses	1,698,945	71,016	206,762	277,778	1,976,723
Legal	-	502	-	502	502
Information technology	49,358	6,368	7,524	13,892	63,250
Insurance	28,642	2,620	1,639	4,259	32,901
Office expense	2,045	8,707	5,053	13,760	15,805
Other expenses	-	4,119	3,863	7,982	7,982
Permits and licenses	2,031	-	-	-	2,031
Recruiting, certification, training and development	17,961	1,978	440	2,418	20,379
Rent	70,907	16,843	3,007	19,850	90,757
Repairs and maintenance	75,132	579	-	579	75,711
Special events expense	-	-	66,570	66,570	66,570
Travel and conferences	7,362	6,216	205	6,421	13,783
Utilities	68,288	868	83	951	69,239
Total	\$ 2,725,435	\$ 160,444	\$ 317,447	\$ 477,891	\$ 3,203,326
	% of total expenses	85%	5%	10%	

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

Community Homes for Adults, Inc.
Statements of Cash Flows

<i>For the years ended October 31,</i>	2020	2019
Operating Activities		
Change in net assets	\$ 26,203	\$ 139,230
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	74,280	70,632
(Gain) loss on disposal of fixed assets	1,560	(83,831)
Changes in operating assets and liabilities		
Accounts receivable	9,455	(1,187)
Contributions receivable	10,500	(500)
Prepaid expenses	(5,335)	(7,099)
Accounts payable and accrued expenses	(70,548)	11,289
Net cash provided by (used in) operating activities	46,115	128,534
Investing Activities		
Insurance proceeds from disposal of fixed assets	-	108,795
Expenditures for fixed assets	(23,701)	(126,995)
Net cash provided by (used in) investing activities	(23,701)	(18,200)
Financing Activities		
Proceeds from PPP loan	408,897	-
Net cash provided by (used in) financing activities	408,897	-
Net change in cash and cash equivalents	431,311	110,334
Cash and cash equivalents at beginning of year	1,044,238	933,904
Cash and cash equivalents at beginning of year	\$ 1,475,549	\$ 1,044,238

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

Community Homes for Adults, Inc. Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

Community Homes for Adults, Inc. (CHAI) manages facilities used for the purpose of operating and maintaining group homes and other amenities for adults with intellectual disabilities. The goal of CHAI is to promote the development of resident self-reliance and independence. It provides a program environment which approximates as closely as possible the patterns and conditions of everyday life and helps residents participate in the regular life of the community.

CHAI emphasizes assistance and supervision of residents in order to help them maximize self-reliance and independence. CHAI develops a personalized program for each resident which includes skill training in areas such as self-care, socialization, communication, money management and home skills. Additionally, auxiliary and support services are provided by prevocational and vocational programs and health care professionals as needed.

In addition to serving the residents of the group homes, CHAI operates the Wolens Program Service serving adults with intellectual disabilities living with their families or in other residential settings in the Dallas community.

CHAI is a provider of Home and Community-Based Services (HCS), a program funding providers of services for people with intellectual disabilities. It allows people with these disabilities to receive service in the community rather than in state institutions. It is a federal Medicaid program (not entitlement) with state matched funds.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

CHAI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable represent outstanding client fees and are stated at the amount billed to the client, the client's family or a third party. CHAI considers receivables to be fully collectible based on its assessment of the current status of individual accounts and current economic conditions; accordingly, no allowance for doubtful accounts is required. If accounts receivable are determined to be delinquent or become uncollectible, they will be charged to operations at that time.

Contributions Receivable

Restricted contributions are recorded at their estimated fair value when received or made rather than in the period for which the promises to give are designated. Unconditional promises to give are recorded as revenue when the promise is made.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Property and Equipment

Property and equipment are carried at cost as of the date of acquisition or at fair market value as of the date of donation, less accumulated depreciation and amortization. Depreciation is provided in amounts sufficient to allocate the cost of depreciable assets over their estimated useful lives on a straight-line basis. CHAI's policy is to expense repairs and maintenance and all items under \$2,000. Repairs and maintenance expense for the years ended October 31, 2020 and 2019 were approximately \$44,000 and \$76,000, respectively.

Net Assets

CHAI reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, CHAI reports the support as net assets without donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Community Homes for Adults, Inc. Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of CHAI, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Income Taxes

CHAI is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code according to the United States Internal Revenue Service (IRS) determination letter dated August 25, 1971, except to the extent that it has unrelated business income. For the years ended October 31, 2020 and 2019, unrelated business income did not result in any material net taxable income; therefore no provision for income tax has been provided in the accompanying financial statements.

Contributed Materials and Services

CHAI records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

CHAI received contributed tangible assets during the years ended October 31, 2020 and 2019, with a fair value on the dates of donation of approximately \$5,000 and \$3,000, respectively. These amounts reflected in the accompanying financial statements are included in "Other contributions" and are offset by like amounts included in expenses.

A substantial number of unpaid volunteers have made significant contributions of their time to CHAI. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria for recognition.

Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Client fee revenue is recognized when earned from residents, third-party payers, and others for services rendered as the services are provided. Revenue under third-party payer agreements is subject to audit and retroactive adjustment.

Community Homes for Adults, Inc. Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocations of Expenses

The expenses of CHAI are reported in the accompanying statements of activities by their functional and natural classifications. Functional classification is a method of reporting expenses according to the purpose for which costs are incurred. Natural classification is a method of grouping expenses according to the kinds of economic benefits received in incurring those expenses. The majority of CHAI's expenses can be directly assigned to their functional classifications. Some expenses must be allocated because they benefit more than one functional classification such as salaries and related costs which are allocated on the basis of estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 25, 2021. See Note 14 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentations and Disclosures by Not-for-Profit Entities for contributed Nonfinancial Assets. The ASU requires nonfinancial contributed assets, the use of nonfinancial contributed assets, or contributed services meeting the criteria for recording be presented separately from contributions of cash and other financial assets in the statement of activities. Additionally, disclosure of the programs or activities for which contributed services were used is required. Examples of nonfinancial contributed assets include land, building, and equipment; supplies and materials, such as food, clothing or pharmaceuticals; and intangible assets. For nonpublic entities, the standard is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. CHAI is currently evaluating the impact of the guidance on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. For nonpublic entities, these amendments are effective for annual reporting periods beginning after December 15, 2019. Early adoption with certain restrictions is permitted for nonpublic entities. CHAI does not believe that implementation of this guidance will have a significant impact on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. CHAI is currently evaluating the impact of the guidance on its financial statements.

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 3: FINANCIAL ASSET AVAILABILITY

The following reflects CHAI's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>October 31,</i>	2020	2019
Financial assets available within one year		
Cash and cash equivalents	\$ 1,475,549	\$ 1,044,238
Accounts receivable, net	104,741	114,196
Contributions receivable, net	110,907	116,407
Total financial assets available within one year	1,691,197	1,274,841
Less amounts unavailable for general expenditures		
Net assets with donor restrictions	(310,685)	(336,885)
Board designated net assets	(302,349)	(302,349)
Total financial assets available to management for general expenditures within one year	\$ 1,078,163	\$ 635,607

CHAI is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, CHAI must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of CHAI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, CHAI invests cash in excess of daily requirements in highly liquid interest-bearing accounts. In the event of an unanticipated liquidity need, CHAI would draw from its operating reserve or seek additional support from its supporting organization discussed in Note 12 or from other sources.

NOTE 4: CONTRIBUTIONS RECEIVABLE

To determine the net realizable value of contributions, an allowance for uncollectible pledges receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, the credit standing of applicable donors and nature of fundraising activity. If actual collection results differ significantly from expectations, contributions in a subsequent period may be adjusted accordingly.

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 4: CONTRIBUTIONS RECEIVABLE (Continued)

Unconditional promises to give consisted of the following:

<i>October 31,</i>	2020	2019
Receivable in less than one year	\$ 110,907	\$ 116,407
Receivable in one to five years	10,000	15,000
Receivable in more than five years	-	-
	120,907	131,407
Allowance for uncollectible promises	(2,000)	(2,000)
Contributions receivable, current, net	110,907	116,407
Contributions receivable, non-current, net	8,000	13,000
Contributions receivable, net	\$ 118,907	\$ 129,407

Unconditional promises to give are reflected at the present value of future cash flows using the treasury discount rate.

As of October 31, 2020, \$75,000 of the balance of unconditional promises to give is also restricted for the purpose of nursing-related expenses.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<i>October 31,</i>	2020	2019	Estimated useful lives
Land	\$ 274,953	\$ 274,953	
Buildings and improvements	1,087,697	1,087,697	15-39 years
Furniture fixtures and equipment	145,161	133,411	5-10 years
Vehicles	236,369	236,369	5 years
	1,744,180	1,732,430	
Accumulated depreciation	(1,070,774)	(1,006,885)	
Property and equipment, net	\$ 673,406	\$ 725,545	

During the year ended October 31, 2019, CHAI replaced roofs at certain of its group homes due to prior storm damage and also replaced a damaged vehicle. Insurance claims were filed related to these replacements. Included in other income in the accompanying statement of activities for the year ended October 31, 2019 are gains from proceeds received from insurance settlements totaling approximately \$109,000 and losses on disposal of the replaced assets of approximately \$25,000.

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 6: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

<i>October 31,</i>	2020	2019
Accounts payable	\$ 51,864	\$ 69,145
Deferred rent	9,708	11,292
Payroll liabilities	57,539	109,222
	\$ 119,111	\$ 189,659

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

<i>October 31,</i>	2020	2019
Subject to the passage of time	\$ 45,907	\$ 50,907
Subject to expenditure for specified purpose		
Carmen & Ludwig Michael Maintenance Fund	166,750	182,950
Lois Toub House Maintenance Fund	22,179	22,179
Other	849	849
Total subject to expenditure for specified purpose	189,778	205,978
Subject to the passage of time and expenditure for specified purpose		
Nurse employment	75,000	75,000
Other	-	5,000
Total subject to expenditure for specified purpose	75,000	80,000
Total net assets with donor restrictions	\$ 310,685	\$ 336,885

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions by incurring expense satisfying the restricted purpose or by occurrence of the passage of time or other events specific by the donors for the years ended:

<i>For the years ended October 31,</i>	2020	2019
Expiration of time restrictions	\$ 40,907	\$ 40,907
Satisfaction of purpose restrictions		
Carmen & Ludwig Michael Maintenance Fund	16,200	5,500
Total subject to expenditure for specified purpose	16,200	5,500
Expiration of time and satisfaction of purpose restrictions		
Nurse employment	80,000	75,000
Total subject to expenditure for specified purpose	80,000	75,000
Net assets released from restrictions	\$ 137,107	\$ 121,407

NOTE 8: CONCENTRATIONS

Concentration of Contributions Receivable

Two donors are responsible for the contributions receivable at October 31, 2020 and 2019. The majority of CHAI's operations are within the North Texas area. Therefore, results of operations and collectability of receivables are subject to economic conditions of the area.

Concentration of Credit Risk

At October 31, 2020, CHAI maintained cash balances in banking institutions in excess of the federally insured amount. The excess balance is approximately \$511,000 before considering outstanding items and offsetting balances.

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 9: COMMITMENTS AND CONTINGENCIES

Future minimum lease payments which include payments under the lease entered into subsequent to year end discussed below are as follows:

<i>For the year ending October 31,</i>	
2021	\$ 82,000
2022	84,000
2023	80,000
2024	23,000
2025	23,000
	<hr/> <hr/> \$ 292,000

Rent expense for the years ended October 31, 2020 and 2019, was approximately \$93,000 and \$91,000, respectively. Additionally, subsequent to year end, CHAI signed a lease extension agreement for a property currently in use as a group home. The new lease commences on November 15, 2020 and includes escalating rent payments and a 60-month term. Rent expense will be recorded on a straight-line basis over the lease term. The future minimum commitments under the lease are disclosed in the table above.

NOTE 10: PENSION PLAN

CHAI has a defined contribution pension plan under United States Internal Revenue Code Section 403(b) for employees meeting minimum age and service requirements. Contributions to the plan by CHAI are wholly at management's discretion, and for the years ended October 31, 2020 and 2019, there were no contributions by CHAI.

NOTE 11: RELATED PARTY TRANSACTIONS

CHAI received donations from its board members and their immediate household families for each of the years ended October 31, 2020 and 2019, totaling approximately \$134,100 and \$145,000, respectively. CHAI also receives certain client fees from board members and their families related to care of relatives. These client fees are not significant.

NOTE 12: COMMUNITY HOMES FOR ADULTS ENDOWMENT FOUNDATION SUMMARIZED AND CONSOLIDATING FINANCIAL STATEMENT INFORMATION

The Community Homes for Adults Endowment Foundation (CHAEF), a Texas nonprofit organization, was incorporated in 1992 as a separate corporation and operates as a supporting organization of CHAI within the meaning of the Internal Revenue Code. CHAEF was organized specifically for the purpose of receiving and raising funds for endowment purposes, investing those funds, and distributing funds to organizations engaged in operating and maintaining group homes and other facilities, under Jewish auspices, and to provide services on a non-sectarian basis for adults with cognitive disabilities in North Texas.

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 12: COMMUNITY HOMES FOR ADULTS ENDOWMENT FOUNDATION SUMMARIZED AND CONSOLIDATING FINANCIAL STATEMENT INFORMATION (Continued)

CHAI received cash contributions from CHAEF in the amounts of \$412,000 and \$392,000, respectively, during the years ended October 31, 2020 and 2019. CHAEF will continue to make contributions as needed on an ongoing basis to support operations and to cover government agency funding reductions and for unanticipated emergency expenditures. CHAI provides CHAEF with office space and administrative services. The value of such services and facility space is not material and has not been reflected in the accompanying financial statements.

CHAI has control through its ability to select a majority of CHAEF's Board of Directors and has an economic interest in CHAEF. Accounting principles generally accepted in the United States of America require consolidated financial statements of CHAI and CHAEF.

If the financial statements of CHAI had been consolidated with those of CHAEF for the years ended October 31, 2020 and 2019, summarized consolidating financial information would be presented as follows:

<i>For the year ended October 31,</i>	2020			
	CHAI	CHAEF	Eliminations	Total
Total assets	\$ 2,416,156	\$ 8,706,800	\$ -	\$ 11,122,956
Total liabilities	\$ 528,008	\$ -	\$ -	\$ 528,008
Net assets	1,888,148	8,706,800	-	10,594,948
Total liabilities and net assets	\$ 2,416,156	\$ 8,706,800	\$ -	\$ 11,122,956
Total operating support and revenue	\$ 3,282,437	\$ 673,203	\$ (411,768)	\$ 3,543,872
Total operating expenses	3,256,234	415,668	(411,768)	3,260,134
Change in net assets	26,203	257,535	-	283,738
Net assets, beginning of year	1,861,945	8,449,265	-	10,311,210
Net assets, end of year	\$ 1,888,148	\$ 8,706,800	\$ -	\$ 10,594,948

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 12: COMMUNITY HOMES FOR ADULTS ENDOWMENT FOUNDATION SUMMARIZED AND CONSOLIDATING FINANCIAL STATEMENT INFORMATION (Continued)

<i>For the year ended October 31,</i>	2019			
	CHAI	CHAEF	Eliminations	Total
Total assets	\$ 2,051,604	\$ 8,449,265	\$ -	\$ 10,500,869
Total liabilities	\$ 189,659	\$ -	\$ -	\$ 189,659
Net assets	1,861,945	8,449,265	-	10,311,210
Total liabilities and net assets	\$ 2,051,604	\$ 8,449,265	\$ -	\$ 10,500,869
Total operating support and revenue	\$ 3,350,944	\$ 929,216	\$ (392,000)	\$ 3,888,160
Total operating expenses	3,211,714	429,929	(392,000)	3,249,643
Change in net assets	139,230	499,287	-	638,517
Net assets, beginning of year	1,722,715	7,949,978	-	9,672,693
Net assets, end of year	\$ 1,861,945	\$ 8,449,265	\$ -	\$ 10,311,210

NOTE 13: CONTINGENCIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of CHAI including absenteeism in CHAI's labor workforce. The occurrence and extent of such an impact will depend on future developments, including (i) the duration of the spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

During April 2020, in response to the global pandemic, CHAI applied for and received \$408,897 in Paycheck Protection Program loans which were loans established by the CARES Act and implemented by the Small Business Administration and backed by the United States Treasury. If certain conditions of the Paycheck Protection Program are met, then amounts up to the full amount of loans provided are to be forgiven. The outstanding amount at October 31, 2020, is included in other noncurrent liabilities in the accompanying statements of financial position.

Community Homes for Adults, Inc.
Notes to Financial Statements

NOTE 14: SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 25, 2021, the date the financial statements were available to be issued. As mentioned above in Note 9, subsequent to year end, CHAI signed a 60-month lease extension used for the purpose of operating a group home for residents. Other than the lease, there are no subsequent events requiring adjustment to or disclosure in the financial statements.