

The Other Ones Foundation

Financial Statements

September 30, 2020 and May 31, 2020

The Other Ones Foundation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Other Ones Foundation
Austin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of The Other Ones Foundation (the Foundation), which comprise the statements of financial position as of September 30, 2020 and May 31, 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.

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 of 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 auditors' 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 auditors consider 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 The Other Ones Foundation as of May 31, 2020 September 30, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Atchley & Associates, LLP

Austin, Texas

January 4, 2022

The Other Ones Foundation
 Statements of Financial Position
 September 30, 2020 and May 31, 2020

	September 30	May 31
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 192,765	\$ 150,136
Accounts receivable	102,720	75,545
Prepaid expenses	3,879	-
Total current assets	299,364	225,681
Property and equipment, net	97,821	56,678
TOTAL ASSETS	\$ 397,185	\$ 282,359
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,861	\$ 26,277
Payroll liabilities	21,150	19,824
	27,011	46,101
Note Payable	150,000	-
TOTAL LIABILITIES	177,011	46,101
Net Assets		
Without donor restrictions	220,174	236,258
With donor restrictions	-	-
Total net assets	220,174	236,258
TOTAL LIABILITIES AND NET ASSETS	\$ 397,185	\$ 282,359

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

The Other Ones Foundation
Statement of Activities
For the Four Month Period Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total All Funds
PUBLIC SUPPORT AND REVENUE			
Contributions and public support	\$ 140,752	\$ -	\$ 140,752
Grant revenue	129,000	-	129,000
Contract revenue	286,290	-	286,290
Other revenue	8,299	-	8,299
	<u>564,341</u>	<u>-</u>	<u>564,341</u>
Total public support and revenue			
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>564,341</u>	<u>-</u>	<u>564,341</u>
EXPENSES			
Program services:			
Program expenses	<u>508,405</u>	<u>-</u>	<u>508,405</u>
Supporting services:			
Administrative	72,020	-	72,020
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total supporting services	<u>72,020</u>	<u>-</u>	<u>72,020</u>
TOTAL EXPENSES	<u>580,425</u>	<u>-</u>	<u>580,425</u>
CHANGE IN NET ASSETS	(16,084)	-	(16,084)
NET ASSETS - beginning of period	<u>236,258</u>	<u>-</u>	<u>236,258</u>
NET ASSETS - end of period	<u>\$ 220,174</u>	<u>\$ -</u>	<u>\$ 220,174</u>

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

The Other Ones Foundation
Statement of Activities
For the Year Ended May 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total All Funds
PUBLIC SUPPORT AND REVENUE			
Contributions and public support	\$ 262,366	\$ -	\$ 262,366
Grant revenue	105,600	-	105,600
Contract revenue	571,798	-	571,798
Other revenue	65,302	-	65,302
	<u>1,005,066</u>	<u>-</u>	<u>1,005,066</u>
Total public support and revenue			
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>1,005,066</u>	<u>-</u>	<u>1,005,066</u>
EXPENSES			
Program services:			
Program expenses	<u>671,291</u>	<u>-</u>	<u>671,291</u>
Supporting services:			
Administrative	94,622	-	94,622
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total supporting services	<u>94,622</u>	<u>-</u>	<u>94,622</u>
TOTAL EXPENSES	<u>765,913</u>	<u>-</u>	<u>765,913</u>
CHANGE IN NET ASSETS	239,153	-	239,153
NET ASSETS - beginning of year	<u>(2,895)</u>	<u>-</u>	<u>(2,895)</u>
NET ASSETS - end of year	<u>\$ 236,258</u>	<u>\$ -</u>	<u>\$ 236,258</u>

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

The Other Ones Foundation
Statement of Functional Expenses
For the Four Month Period Ended September 30, 2020

EXPENSES	Program Services	Administrative	Fundraising	Total
Salaries	\$ 124,282	\$ 50,194	\$ -	\$ 174,476
Payroll Taxes & Benefits	12,381	3,820	-	16,201
Depreciation	12,517	-	-	12,517
Rent & Utilities	38,631	-	-	38,631
Legal Fees	-	-	-	-
Contract Labor	52,630	12,739	-	65,369
Travel	11,319	-	-	11,319
Repairs & Maintenance	21,832	-	-	21,832
Supplies	27,354	-	-	27,354
Telephone	2,277	-	-	2,277
Insurance	4,607	-	-	4,607
Postage	150	-	-	150
Shelter, Facility & Office	23,219	-	-	23,219
Other Miscellaneous Fees	-	655	-	655
Direct Client Assistance	167,099	-	-	167,099
Fundraising	10,107	4,612	-	14,719
Taxes & Licenses	-	-	-	-
 Total expenses	 <u>\$ 508,405</u>	 <u>\$ 72,020</u>	 <u>\$ -</u>	 <u>\$ 580,425</u>

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

The Other Ones Foundation
Statement of Functional Expenses
For the Year Ended May 31, 2020

EXPENSES	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 146,603	\$ 59,208	\$ -	\$ 205,811
Payroll Taxes & Benefits	17,812	5,496	-	23,308
Depreciation	3,729	-	-	3,729
Rent & Utilities	7,527	-	-	7,527
Legal Fees	-	1,843	-	1,843
Contract Labor	91,124	22,056	-	113,180
Travel	16,974	-	-	16,974
Repairs & Maintenance	27,711	-	-	27,711
Supplies	33,316	-	-	33,316
Telephone	3,002	-	-	3,002
Insurance	15,601	-	-	15,601
Postage	97	-	-	97
Shelter, Facility & Office	20,475	-	-	20,475
Other Miscellaneous Fees	-	2,408	-	2,408
Direct Client Assistance	280,510	-	-	280,510
Fundraising	6,810	3,108	-	9,918
Taxes & Licenses	-	503	-	503
 Total expenses	 <u>\$ 671,291</u>	 <u>\$ 94,622</u>	 <u>\$ -</u>	 <u>\$ 765,913</u>

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

The Other Ones Foundation
 Statements of Cash Flows
 For the Four Month Period Ended September 30, 2020, and the Year Ended May 31, 2020

	<u>September 30</u>	<u>May 31</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (16,084)	\$ 239,153
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	12,517	3,729
Change in operating assets and liabilities -		
Accounts receivable	(27,175)	(75,545)
Prepaid expenses	(3,879)	-
Accounts payable	(20,416)	26,277
Payroll Liabilities	1,326	18,849
	<u>(53,711)</u>	<u>212,463</u>
Net cash flows from operating activities		
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(53,660)</u>	<u>(60,407)</u>
Net cash flows from investing activities	<u>(53,660)</u>	<u>(60,407)</u>
FINANCING ACTIVITIES		
Proceeds from note payable	<u>150,000</u>	<u>-</u>
Net cash flows from investing activities	<u>150,000</u>	<u>-</u>
Net change in cash	42,629	152,056
Cash - beginning of period/year	<u>150,136</u>	<u>(1,920)</u>
Cash - end of period/year	<u>\$ 192,765</u>	<u>\$ 150,136</u>

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

The Other Ones Foundation
Notes to Financial Statements
September 30, 2020 and May 31, 2020

NOTE 1: NATURE OF ORGANIZATION

The Other Ones Foundation (the Foundation) is a nonprofit that provides extremely low-barrier employment, case management, and humanitarian aid to people experiencing homelessness in Austin, Texas.

On January 15, 2020, the Foundation's Board of Directors approved a change in the Foundation's fiscal year from May 31 to September 30. beginning with the next fiscal period. Accordingly, the activities for the fiscal period ending September 30, 2020, encompass four months of operations.

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 generally accepted accounting principles in the United States of America (U.S. GAAP).

Financial Statement Presentation - The Foundation reports under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Organizations*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired or been satisfied. All gifts, grants and bequests are considered unrestricted unless specifically restricted by the donor.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions either for use during a specified time period or for a particular purpose.

Net Assets Released From Restrictions - When a donor-imposed restriction is fulfilled or when a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - The Foundation considers all cash and other highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents include money market accounts.

The Other Ones Foundation
Notes to Financial Statements
September 30, 2020 and May 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable - Accounts receivable are promises to give due within one year. Accounts determined to be uncollectible are charged against an allowance for uncollectible accounts. At September 30, 2020, and May 31, 2020, the Foundation considered all receivables to be fully collectible, and therefore, an uncollectible account is not considered necessary.

Property and Equipment - Property and equipment are recorded at cost and depreciated over their estimated useful lives. Any donated items are recorded at the fair value. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period. Maintenance and repairs are charged to expense as incurred, and significant renewals and betterments are capitalized. The Foundation has a policy of only capitalizing depreciable assets acquired of \$2,500 or greater. Depreciation is provided using the straight-line method over the estimated useful lives of the assets generally as follows:

Furniture	7 years
Office Equipment	5 years
Computers	3 years
Vehicles	2 years

Revenue Recognition - The Foundation recognizes contributions and grant revenue as revenue when received or unconditionally promised. Contributions are measured at the fair value of the assets or services received or promised. The fair value of contributions arising from unconditional promises to give cash or other assets in one or more future years is measured (discounted) using a risk-adjusted rate of return appropriate for the expected term of the promise to give. Such discounts are amortized between the date the promise to give is initially recognized and the date the actual cash is expected to be collected. Contract revenues are recognized as earned. Revenues are classified as restricted support if they are received with donor stipulations that limit the use of the contributions.

Functional Expenses - Directly identifiable expenses are classified as program services, fundraising, and administrative. Expenses related to more than one function are allocated to programs, fundraising, and administrative on the basis of management estimates. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. In-kind expenses, professional fees, bank charges, and software are allocated based on time and effort.

The Other Ones Foundation
Notes to Financial Statements
September 30, 2020 and May 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status - The Internal Revenue Service has classified the Foundation as other than a private foundation, which is exempt from federal income taxes on its related purpose income under Section 501(c)(3) of the United States Internal Revenue Code. Consequently, no federal income taxes have been provided for in these financial statements.

The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the positions will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. As of September 30, 2020 and May 31, 2020, the Foundation has not recognized liabilities for uncertain tax positions or associated interest and penalties.

The Foundation's income tax returns for the years ending September 30, 2017, and after are open to examination by federal authorities.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain 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. Accordingly, actual results could differ from those estimates.

Subsequent Events - Management of the Foundation has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued. (See Note 4)

NOTE 3: PROPERTY AND EQUIPMENT

As of September 30, 2020, and May 31, 2020, property and equipment consists of:

	<u>September 30</u>	<u>May 31</u>
Vehicles	\$ 114,067	\$ 60,407
Accumulated depreciation	(16,246)	(3,729)
	<u>\$ 97,821</u>	<u>\$ 56,678</u>

The Other Ones Foundation
Notes to Financial Statements
September 30, 2020 and May 31, 2020

NOTE 4: PAYCHECK PROTECTION PROGRAM

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In April 2020, the Foundation entered into an unsecured loan agreement in the amount of \$33,600 with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the CARES Act. The Foundation elected to account for the PPP loan as a conditional grant in accordance with FASB ASC Topic 958. Management believes they have spent the funds in accordance with the CARES Act and, as such, have recognized \$33,600 as grant revenue in the year ended May 31, 2020. Subsequent to September 30, 2020, the Foundation applied for forgiveness of the loan and received notification of forgiveness on March 10, 2021.

NOTE 5: NOTE PAYABLE

The Foundation received funds totaling \$150,000 on August 29, 2020, under the Economic Injury Disaster Loan (EIDL) program. The note accrues interest at 2.75% with monthly payments of \$641.00 to begin on August 29, 2021, until maturity on August 29, 2050. The note is secured by all assets of the Foundation.

As discussed above, the PPP loan was forgiven on March 10, 2021. The expected future minimum principal payments on the EIDL note payable as of September 30, 2020, are as follows:

<u>Year ending September 30,</u>	
2021	\$ -
2022	380
2023	3,623
2024	3,724
2025	3,828
Thereafter	138,445
	<u>\$ 150,000</u>

NOTE 6: LEASE COMMITMENTS

The Foundation has entered into a non-cancelable operating lease for a modular building which expires in August 2024, at which an additional fee is assessed for removal of the building. Lease expense for the four month period ended September 30, 2020, was \$24,830.

The Other Ones Foundation
Notes to Financial Statements
September 30, 2020 and May 31, 2020

NOTE 6: LEASE COMMITMENTS (continued)

As of September 30, 2020, minimum future lease payments are as follows:

<u>Year ending September 30,</u>		
2021	\$	32,904
2022		32,904
2023		32,904
2024		41,520
	<u>\$</u>	<u>140,232</u>

NOTE 7: AVAILABLE RESOURCES AND LIQUIDITY

The following represent the Foundation's financial assets at September 30, 2020, and May 31, 2020, all of which are available to meet general expenditures over the next year:

	<u>September 30</u>	<u>May 31</u>
Cash and cash equivalents	\$ 192,765	\$ 150,136
Accounts receivable	102,720	75,545
Total financial assets at year-end	<u>295,485</u>	<u>225,681</u>

In addition to financial assets available to meet general expenditures over the next year, the Foundation operates with a balanced budget that is frequently reviewed and analyzed and anticipates collecting sufficient revenues to cover general expenditures. The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and grant and contribution receivables, and most expenditures arise in relation to events and programs for which contributions are specifically received.