Project MEND

Financial Statements

September 30, 2022

GREGORY & CRUTCHFIELD, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Project MEND

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GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
Project MEND

Opinion

We have audited the accompanying financial statements of Project MEND (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, cash flows for the year then ended, and related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project MEND as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project MEND and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Project MEND's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Project MEND's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Project MEND's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Comparative financial statements presented for the prior year ended September 30, 2021 were audited by a predecessor auditor with a report date of April 12, 2022. The predecessor auditor issued an unmodified audit opinion on those audited financial statements.

Gregory & Crutchfield, LLC

Gregory & Crutchfield, LLC
San Antonio, Texas
January 20, 2023

Project MEND
Statements of Financial Position
September 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 663,815	$ 1,374,924
Grants, contributions and fees receivable	61,650	125,955
Grants receivable - capital purchases	-	598,440
Medical equipment inventory	61,908	46,255
Prepaid expenses	10,349	20,743
Total current assets	797,722	2,166,317
Property and equipment:		
Fixed assets	4,763,806	3,005,796
Less accumulated depreciation	(250,792)	(118,457)
Total fixed assets	4,513,014	2,887,339
Other assets:		
Right-of-use asset	-	24,199
Total other assets	-	24,199
Total assets	$ 5,310,736	$ 5,077,855
Liabilities and Net Assets		
Current liabilities		
Accounts payable, credit card payable	$ 37,677	$ 23,976
Accrued liabilities	840	2,022
Deferred revenues	53,100	-
Current portion - long-term debt	9,527	-
Total current liabilities	101,144	25,998
Long-term debt	540,473	-
Total long-term debt	540,473	-
Total liabilities	641,617	25,998
Net assets:		
Without donor restrictions:		
Undesignated	838,442	1,389,611
Undesignated in property and equipment (net of related debt)	3,830,677	2,887,339
With donor restrictions	-	774,907
Total net assets	4,669,119	5,051,857
Total liabilities and net assets	$ 5,310,736	$ 5,077,855

The accompanying notes are an integral part of these financial statements

Project MEND
Statements of Activities and Changes in Net Assets
For The Year Ended September 30, 2022
(With Comparative totals for the Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
Public support and revenue:						
Special events:						
Gross revenue	63,645	-	63,645	18,843		18,843
Less direct expenses	(22,543)	-	(22,543)	(2,354)		(2,354)
Net special events support	41,102		41,102	16,489	-	16,489
Local governement grants	132,193	-	132,193	83,298	750,000	833,298
State grants	350,216	-	350,216	431,875		431,875
Contributions and other grants	564,150	-	564,150	716,571	826,000	1,542,571
Program income	80,644	-	80,644	40,903		40,903
Gains on disposal of fixed assets	-	-	-	750		750
In-kind donations - medial equipment	395,163	-	395,163	332,170		332,170
In-kind donations - other	-	-	-	5,000		5,000
Other income	20,264	-	20,264	11,209		11,209
Total public support	1,583,732	-	1,583,732	1,638,265	1,576,000	3,214,265
Net assets released from restrictions:						
Restrictions satisfied by payments	774,907	(774,907)	-	2,036,098	(2,036,098)	-
Total public support and revenue	2,358,639	(774,907)	1,583,732	3,674,363	(460,098)	3,214,265
Expenses:						
Program services	1,732,870	-	1,732,870	1,358,531	-	1,358,531
Management and general	160,278	-	160,278	123,726	-	123,726
Fundraising	73,322	-	73,322	109,872	-	109,872
Total expenses	1,966,470	-	1,966,470	1,592,129	-	1,592,129
Change in net assets	392,169	(774,907)	(382,738)	2,082,234	(460,098)	1,622,136
Net assets at beginning of year	4,276,950	774,907	5,051,857	2,194,716	1,235,005	3,429,721
Net assets at end of year	$4,669,119	$ -	$4,669,119	$4,276,950	$ 774,907	$5,051,857

The accompanying notes are an integral part of these financial statements

Project MEND
Statement of Functional Expenses
For the Year Ended September 30, 2022
(With Comparative Totals for the Year Ended September 30, 2021)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Totals: 2022	Totals: 2021
Salaries and wages	$ 600,844	$ 45,591	$ 34,022	$ 680,457	$ 634,583
Payroll taxes	45,820	16,099	-	61,919	72,632
Employee benefits	60,713	10,677	8,286	79,676	52,729
Total salaries, wages and benefits	707,377	72,367	42,308	822,052	759,944
Advertising	25,493	-	10,926	36,419	23,372
Assistive technology	86,807	-	-	86,807	88,914
Bad debt expense	-	-	-	-	16,153
Disallowed grant reimbursement	23,440	-	-	23,440	-
Capital campaign	-	-	7,037	7,037	21,917
Computer services	25,787	5,660	2,042	33,489	23,439
Conferences and meetings	2,977	-	-	2,977	1,438
Dues and subscriptions	20,202	418	293	20,913	17,120
Bank and credit card settlement fees	1,909	5,728	-	7,637	6,438
In-kind medical equipment	402,787	-	-	402,787	350,048
Interest expense	16,751	-	-	16,751	41
Insurance	10,606	29,167	4,419	44,192	43,508
Miscellaneous	9,378	391	-	9,769	4,938
Office supplies	12,928	1,521	760	15,209	7,977
Other expenses	4,644	-	-	4,644	2,002
Payroll fees	14,162	1,075	802	16,039	-
Postage and delivery	3,902	-	-	3,902	2,111
Printing and reproduction	18,021	-	1,739	19,760	9,386
Professional fees	20,064	32,588	-	52,652	30,877
Purchased inventory sold	48,213	-	-	48,213	17,382
Repairs and maintenance	13,621	-	-	13,621	1,022
Occupancy	29,413	-	-	29,413	43,654
Staff training	3,119	-	-	3,119	1,717
Telephone and internet	33,855	698	349	34,902	28,920
Travel	7,734	-	-	7,734	12,494
Uniforms	4,835	-	-	4,835	4,724
Utilities	31,337	2,725	-	34,062	12,568
Vehicle expenses	25,294	-	-	25,294	9,981
Warehouse supplies	6,466	-	-	6,466	6,144
Total expenses before depreciation	1,611,122	152,338	70,675	1,834,135	1,548,229
Depreciation	121,748	7,940	2,647	132,335	43,900
Total expenses	$ 1,732,870	$ 160,278	$ 73,322	$ 1,966,470	$ 1,592,129

The accompanying notes are an integral part of these financial statements

Project MEND
Statements of Cash Flows
Years Ended September 30, 2022 and 2021

Cash flows from operating activities:	**2022**	**2021**
Change in net assets	(382,738)	1,622,136
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	132,335	43,900
Amortization (write off balance of right-of-use asset)	24,199	41,482
(Gains) losses on sale of property and equipment	-	(750)
Non-cash constributions of property and equipment	-	(5,000)
Contributions and grants restricted for purchase of property	598,440	(1,525,000)
(Increase) decrease in:		
Grants receivable	64,305	42,395
Accounts receivable from employees	-	2,800
Prepaid expenses	10,394	(4,256)
Medical equipment inventory	(15,653)	16,529
Security deposits	-	1,500
Increase (decrease) in:		
Accounts payable and accrued expenses	13,701	(3,654)
Accrued liabilities	(1,182)	(348)
Deferred revenue	53,100	(15,000)
Net cash provided by operating activities	496,901	216,734
Cash flow from investing activities:		
Proceeds from sale of property and equipment	-	750
Purchase of property, equipment and building	(1,758,010)	(1,964,899)
Net cash used in investing activities	(1,758,010)	(1,964,149)
Cash flow from financing activities:		
Proceeds from short-term real estate loan	550,000	12,574
Payments short-term real estate loan	(550,000)	(12,574)
Proceeds from long-term real estate loan	550,000	-
Proceeds from restricted revenue for purchase of property	-	937,960
Net cash provided by (used in) financing activities	550,000	937,960
Net increase (decrease) in cash	(711,109)	(809,455)
Cash - beginning of year	1,374,924	2,184,379
Cash - end of year	663,815	1,374,924
Supplemental disclosure of cash flow information		
Interest expense	16,751	-
Noncash contribution - property and equipment	-	5,000

The accompanying notes are an integral part of these financial statements

Note 1 - The Organization

Project MEND ("the Organization") is a nonprofit organization dedicated to helping low-income people with disabilities obtain medical equipment and financial support for the purchase of specialized, fitted devices, prosthetic and orthotic devices, and diabetic shoes. The Organization accepts previously owned medical equipment from individuals, nursing homes, medical equipment companies, etc., and refurbishes, repairs and sanitizes these items. Once the equipment has been processed, it is distributed to qualified low-income persons with disabilities.

The Organization operates from one location in San Antonio, Texas. During the year, the Organization moved into its newly constructed building located at 5015 Wurzbach Road, where potential clients meet with case management staff, support staff operates, and warehouse staff refurbishes and distributes medical equipment to qualifying recipients.

The Organization's mission is: *Project MEND is committed to improving the lives of individuals living with disabilities and illness through the refurbishment, reuse and distribution of medical equipment and other assistive technologies.*

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting – The Organization has prepared its financial statements using the accrual basis of accounting.

Basis of Presentation – The Organization utilizes the provisions under FASB Accounting Standards Codification 958-205, *Not-for-Profit Entities.* The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all cash in banks and highly liquid investments with initial maturities of three months or less to be cash and cash equivalents.

Comparative Financial Information – The financial information for the year ended September 30, 2021 presented for comparative purposes, was audited by a predecessor auditor whose audit report was dated April 12, 2022 and issued an unmodified opinion. It is not intended to be a complete financial statement presentation and is included only to provide a basis for comparison with the financial statements for the year ended September 30, 2022.

Allocated Expenses – Expenses are charged to program services based on costs that can be directly identified as those costs associated with the program of the Organization. Any expenses not directly chargeable are allocated to programs and supporting classifications based on management estimates.

Estimates – The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from these estimates.

Note 2 – Summary of Significant Accounting Policies *(continued)*

Inventory – Medical Equipment – Inventories are stated at the lower of cost or net realizable value. For purchased inventory items, cost is determined by the weighted-average cost method.

The Organization receives donated medical equipment, which is refurbished and then distributed back to qualified individuals. Upon receipt and refurbishment of donated medical equipment, the Organization recognizes it as inventory and in-kind revenue based on 50% of retail value, which is an approximation of net realizable value. When the refurbished equipment is distributed to a qualified individual, the Organization reduces its inventory and recognizes an in-kind expense.

Property and Equipment – Fixed assets represent land, building and improvements, furniture, equipment and vehicles. These are recorded at cost for purchased assets and estimated fair market value as of the date of donation for donated assets. Depreciation is computed using the straight-line method over the useful lives of the assets, which ranges from 3 to 30 years.

Right-of-Use Asset – in a prior year the Organization had capitalized an asset to reflect the value of a three-year license agreement that permitted the Organization to continue to use its prior warehouse following the sale of that property. It had been amortizing the asset using the straight-line method over the term of the license agreement. The Organization moved out of the facility in the prior fiscal year and into a different warehouse provided by the licensor but no change to the right-of-use asset was recorded as the license agreement remained substantially the same. The license agreement expired on April 30, 2022 at which time the remaining balance was charged to amortization expense which has been included in "*Occupancy*" expense on the accompanying Statement of Functional Expenses.

Compensated Absences – The Organization provides regular, full-time employees with paid time off (PTO) to be used for absences due to illness, injury, disability or personal activities, including vacation time. Employees' PTO balances are not paid out or carried forward to subsequent years and are forfeited upon termination for any reason. As such, the Organization is not liable for PTO expenses until PTO is actually taken by the employee, and no accrual for PTO expenses has been made in the accompanying financial statements.

Concentrations of Credit Risk – The Organization maintains cash in accounts with two banking institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC). The Organization has not incurred any losses from having balances in excess of the FDIC limits. As of September 30, 2022 the Organization's balance in excess of the FDIC limit of $250,000 was $422,425. As of September 30, 2021 the Organization's balance in excess of the FDIC insured limits was $1,062,945.

Income Tax Status – The Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization other than a private foundation under Section 509(a)(2). No provision for federal income taxes has been made. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last 4 years remain subject to examination.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees, sales fees, and payments under cost-reimbursement contracts and grants received in advance are deferred to the applicable period in which the related services are performed, goods are provided or expenditures are incurred, respectively. Contributions are recognized when cash, or 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.

Support and Revenue With and Without Donor Restrictions – Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restriction on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the *Statement of Activities* as net assets released from restrictions.

Donated Goods and Services – The Organization receives donated medical equipment, services and materials. The Organization distributed donated medical equipment (see "Inventory – Medical Equipment") with an estimated fair market value of $402,787 and $350,048 to qualified individuals for the years ended September 30, 2022 and 2021 respectively. The Organization also receives contributed services from a variety of unpaid volunteers assisting with answering phones, cleaning and repairing donated medical equipment and various other program related services. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer effort under GAAP has not been satisfied.

Accounting Pronouncements Issues but Not Yet Adopted – In February 2016, the FASB issued ASU No. 2018-01, *Leases (Topic 842)* which was a new accounting pronouncement regarding lease accounting. In 2020, ASU No. 2020-05 was released which deferred the effective date for applying ASC 842 for the Organization until its fiscal year beginning October 1, 2023. A lessee will be required to recognize on the balance sheet a right-of-use asset and a liability to make lease payments for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Note 3 – Grant, Contributions and Fees Receivable

Grants, contributions and fees receivable represent the following:

Grants consist of revenue earned by reimbursable expenses incurred. Contributions receivable consist of gala sponsorship monies promised by one City related entity as of September 30, 2022. Fees receivable represent various types of service fees owed to the organization by qualified individuals who have received services.

Management believes the September 30, 2022 balances for grants, contributions and fees receivable are fully collectable; therefore no allowance for doubtful accounts is considered necessary as of September 30, 2022.

Note 4 – Property and Equipment

Property and equipment consist of the following as of September 30:

	2022	2021
Land	$ 375,000	$ 375,000
Building and improvements	4,062,937	-
Furniture and equipment	153,383	96,120
Vehicles	172,486	172,486
Construction in progress – building	-	2,362,190
Total	4,763,806	3,005,796
Less: accumulated depreciation	(250,792)	(118,457)
Property and equipment, net	$ 4,513,014	$ 2,887,339

Depreciation expense for the years ended September 30, 2022 and 2021 was $132,335 and $43,900 respectively.

In 2021 a restrictive covenant was placed on the new Wurzbach Road building, as a condition of grant funds received from the City of San Antonio, under a Community Development Block Grant, for the purpose of constructing the facility. This covenant, which expires on November 30, 2026, restricts the use of the property to the provision of medical equipment, supplies, and/or services that are public benefits. Should that covenant be violated before the expiration date, the Organization or its successor will be liable for a payment to the City of San Antonio for a portion of he property's value proportional to the amount of original construction costs funded by the City's grant. As the Organization intends to use the property for purposes allowed by the restrictive covenant, no liability has been accrued related to this covenant.

In 2021, The Organization entered into lease and lease-back agreements with Bexar County for a portion of the Wurzbach Road building without the approval of the County. See "*Operating Leases*" below.

Note 5 – Right-of-Use Asset

The Organization had a right-of-use asset relating to a license agreement that permitted the Organization to continue using the Austin Street warehouse for three years following the sale of that property in a prior year. During the year ended September 30, 2020 the Organization moved out of that facility and into a different warehouse provided by the licensor but no change to the right-of-use asset was recorded as the license agreement remained substantially the same. The license agreement expired on April 30, 2022 at which time the remaining balance was charged to amortization expense which has been included in "*Occupancy*" expense on the accompanying Statement of Functional Expenses. The following table describes the changes to the Organization's right-of-use asset:

	2022	2021
Right-of-use asset – beginning of year	24,199	65,681
Amortization expense	(24,199)	(41,482)
Right-of-use asset – end of the year	-	24,199

Note 6 – Debt

In April 2021, the Organization entered into a loan agreement with a bank to provide up to $750,000 in financing towards acquisition and construction costs of the new Wurzbach Road facility. The loan was secured by the new facility. The maturity date of the loan was October 21, 2022 with an option for the Organization to convert the loan to a 5 year loan with payments based on a 25-year amortization period. The loan carries an interest rate of Wall Street Journal prime rate plus 1.0%. As of September 30, 2021, the outstanding balance on the loan was zero.

Prior to the maturity of the above loan, the Organization elected to convert the outstanding loan balance of $550,000 to a 5-year loan with payments based on a 25-year amortization period. A note modification agreement was executed on September 21, 2022 with a maturity date of September 21, 2027. The promissory note rate is the lesser of the Maximum Rate as defined in the loan agreement or 6.11% fixed. The note is payable in monthly installments of principal and interest of $3,611 (based on 25-year amortization) beginning on October 1, 2022. The loan is secured by a deed of trust on the Wurzbach Road property, a security agreement, a financing statement and assignment of rents.

The loan covenants required the Organization to provide the lender, within 120 days of each fiscal year-end commencing September 30, 2022, a compliance certificate as to whether the Organization maintained a debt service coverage ratio of not less then 1.10 to 1 at the end of each fiscal year.

The following is a summary of principal maturities of long-term debt for the next five years as of September 30 2022:

2023	$ 9,527
2024	10,041
2025	10,775
2026	11,461
2027 (includes balloon)	508,196
Total	$ 550,000

Note 7 – Deferred Revenues

The change in the Organization's deferred revenue for the years ended September 30, 2022 and 2021 is comprised of the following:

	2022	2021
Balance at beginning of year	-	15,000
Additions:		
Sponsorships and fees for future events	53,100	-
Reductions:		
Sponsorships and fee revenue earned	-	(15,000)
Balance at end of year	$ 53,100	-

Note 8 – Net Assets With Donor Restrictions

As of September 30, 2022 and 2021 net assets with donor restrictions is compromised of the following:

	2022	2021
Capital Campaign	-	$ 774,907

Net assets were released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2022	2021
Satisfaction of purpose or time restrictions:		
DME Repair & Reuse Program	-	51,000
Capital Campaign	774,907	1,953,698
General 2020-2021 Operations	-	31,400
Net assets released from restrictions	$ 774,907	$ 2,036,098

Note 9 – Concentration of Grant Revenue

The Organization's support and revenues from state and local government grants (or federal grants passed through local governments) for the years ended September 30, 2022 and 2021 are as follows:

		2022		2021	
Type of Grant	Original Source	Amount	% of Total Support and Revenue	Amount	% of Total Support and Revenue
University of Texas	State	130,000	8.2%	125,000	3.9%
Texas Veterans Commission	State	220,216	13.9%	306,875	9.5%
Total State Grants		350,216	22.1%	431,875	13.4%
Bexar County – capital project	County	-	-	500,000	15.6%
University Health System	County	50,050	3.2%	50,050	1.6%
City of San Antonio – general	City	72,073	4.5%	48,848	1.5%
City of San Antonio – CDBG	Federal	10,070	.6%	234,400	7.3%
Total local grants		132,193	8.3%	833,298	25.9%

These grants typically operate as cost reimbursement grants where the Organization submits qualified expenses to the grantor and is reimbursed with expenses are approved. A reduction in revenue from a grantor would coincide with a similar reduction of expenses for the Organization.

Note 10 – Advertising Costs

The Organization uses advertising to promote its programs among the community it serves. Advertising costs are expensed as incurred and for the years ended September 30, 2022 and 2021 were $36,419 and $23,372 respectively.

Note 11 – Operating Leases

In 2021, the Organization entered into a lease and lease-back agreements with Bexar County, under which the Organization leases a portion of the new Wurzbach Road facility to the County, which then leases back to be operated by the Organization. As these leases have been classified as operating leases, no additional liabilities or assets have been recognized. Rent is set at a nominal $1 per year, and the term of the lease and lease-back is the later of 30 years, or the date at which the County extinguishes any debt used to finance the County's original grant award to the Organization.

The Organization remains liable for all utility expenses, repairs and insurance for the leased property, and any leasehold improvements become property of the Organization at the end of the lease. During the term of the lease, the Organization is restricted from selling or transferring the leased premises without the approval of the County.

Note 12 - Contingencies

The Organization receives a significant amount of financial assistance from various governments and government agencies. Grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and indirect costs is conditional upon compliance with the terms and conditions of the grant agreements with the applicable federal, state or local regulations, including the expenditure of the resources for eligible purposes. Certain grants and indirect cost rates may be subject to financial compliance reviews and audits by the grantors. In management's opinion, it is highly unlikely that an adverse material outcome will result from any potential reviews and audits.

Note 13 – Liquidity and Availability of Financial Assets

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

	2022	2021
Cash and cash equivalents	$663,815	$1,374,924
Grants, contributions and fees receivable	61,650	724,395
Financial assets at year-end	$725,465	$2,099,319
Less: financial assets unavailable for general expenditure within one year - restricted funds	-	(774,907)
Financial assets available to meet cash needs for general expenditure within one year	$725,465	$1,324,412

Note 14 – Subsequent Events

Subsequent events have been evaluated by management through the date of the report of the independent auditors.

The Organization's ongoing finances may experience instability and the estimate included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19 pandemic. The duration and intensity of these impacts and resulting disruption to which these events effect the Organization's activity will depend on the future developments, which are highly uncertain and cannot be predicted at this time.