HELPING RESTORE ABILITY

Arlington, Texas

Financial Statements

Years Ended August 31, 2020 and 2019

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Accountants & Advisors

INDEPENDENT AUDITORS' REPORT

To the Finance Committee
Helping Restore Ability
Arlington, Texas

We have audited the accompanying financial statements of Helping Restore Ability (the "Organization"), a Texas nonprofit corporation, which comprise the statements of financial position as of August 31, 2020 and 2019 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 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 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 Organization'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 Organization'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 Helping Restore Ability as of August 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.

PSK LLP

Arlington, Texas
November 24, 2020

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HELPING RESTORE ABILITY
Statements of Financial Position
August 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,580,725	$ 1,188,541
Accounts receivable, net	1,848,784	1,828,031
Prepaid expenses	10,041	31,780
Total current assets	4,439,550	3,048,352
Physical Properties		
Furniture, fixtures and equipment	237,252	201,508
Less: accumulated depreciation	(197,212)	(183,258)
Total physical properties	40,040	18,250
Other Assets		
Intangible asset, net	208,172	277,568
Deposit	8,187	8,187
Total other assets	216,359	285,755
Total Assets	$ 4,695,949	$ 3,352,357
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 35,014	$ 19,898
Payroll related payables	1,976,198	2,031,709
Accrued expenses	8,171	19,459
Total current liabilities	2,019,383	2,071,066
Long-term Liabilities		
Note payable	522,601	-
Total liabilities	2,541,984	2,071,066
Net Assets		
Without donor restrictions	2,153,965	1,281,291
Total Liabilities and Net Assets	$ 4,695,949	$ 3,352,357

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

HELPING RESTORE ABILITY
Statements of Activities
Years Ended August 31, 2020 and 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions:		
Revenues, Gains, and other Support		
Service revenues		
Texas Department of Aging and Disability Services Programs:		
Consumer Directed Services (CDS)	$ 14,951,780	$ 14,742,834
Primary Home Care Program (PHC)	349,222	191,632
Mental Health Mental Retardation Program (MHMR)	3,462	3,294
Star+Plus Managed Care Program	7,590,892	7,075,122
Star Kids Managed Care Program	5,422,268	4,587,134
Other programs	40,597	39,624
Billing adjustments	(267,001)	(266,363)
Total service revenues	28,091,220	26,373,277
Contributions	1,202,852	556,211
Interest income	9	24
Net assets released from restriction	-	140,000
Total revenues, gains, and other support	29,294,081	27,069,512
Expenses:		
Program expenses	27,764,296	26,095,719
Supporting services	657,111	591,215
Total expenses	28,421,407	26,686,934
Change in Net Assets Without Donor Restrictions	872,674	382,578
Changes in Net Assets With Donor Restrictions:		
Net assets released from restriction	-	(140,000)
Change in Net Assets With Donor Restrictions	-	(140,000)
Change in Net Assets	872,674	242,578
Net Assets at Beginning of the Year	1,281,291	1,038,713
Net Assets at End of the Year	$ 2,153,965	$ 1,281,291

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

HELPING RESTORE ABILITY
Statement of Functional Expenses
Year Ended August 31, 2020

		Supporting Services			
	Program Expenses	General and Administrative	Fundraising	Total	Total Expenses
Attendant payroll	$ 25,304,819	$ -	$ -	$ -	$ 25,304,819
Personnel	1,672,725	230,404	210,508	440,912	2,113,637
Supplies and resources	599,462	126,200	51,461	177,661	777,123
Facilities	117,894	15,012	9,572	24,584	142,478
Depreciation	-	13,954	-	13,954	13,954
Amortization	69,396	-	-	-	69,396
	$ 27,764,296	$ 385,570	$ 271,541	$ 657,111	$ 28,421,407

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

HELPING RESTORE ABILITY
Statement of Functional Expenses
Year Ended August 31, 2019

		Supporting Services			
	Program Expenses	General and Administrative	Fundraising	Total	Total Expenses
Attendant payroll	$ 23,994,834	$ -	$ -	$ -	$ 23,994,834
Personnel	1,414,984	205,619	180,926	386,545	1,801,529
Supplies and resources	497,622	92,899	78,236	171,135	668,757
Facilities	118,883	10,700	10,668	21,368	140,251
Depreciation	-	12,167	-	12,167	12,167
Amortization	69,396	-	-	-	69,396
	$ 26,095,719	$ 321,385	$ 269,830	$ 591,215	$ 26,686,934

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

HELPING RESTORE ABILITY
Statements of Cash Flows
Years Ended August 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	$ 872,674	$ 242,578
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	13,954	12,167
Amortization	69,396	69,396
Bad debt expense	118,667	133,181
(Increase) decrease in assets:		
Accounts receivable	(139,420)	(412,424)
Prepaid expenses	21,739	29,784
Increase (decrease) in liabilities:		
Accounts payable	15,116	(320)
Payroll related payables	(55,511)	316,937
Accrued expenses	(11,288)	(17,335)
Net cash and cash equivalents provided by operating activities	905,327	373,964
Cash Flows From Investing Activities:		
Purchases of physical properties	(35,744)	-
Cash Flows From Financing Activities:		
Advances on note payable	522,601	-
Change in Cash and Cash Equivalents	1,392,184	373,964
Cash and Cash Equivalents at Beginning of the Year	1,188,541	814,577
Cash and Cash Equivalents at End of the Year	$ 2,580,725	$ 1,188,541

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

HELPING RESTORE ABILITY
Notes to Financial Statements

1 - Historical Background

Helping Restore Ability (the "Organization"), founded in 1977, is incorporated in the state of Texas as a nonprofit organization. The Organization's function is to provide services to people with disabilities, enabling them to participate fully in society and lead independent and active lives. The Organization primarily serves clients in Tarrant, Dallas and surrounding counties, but also throughout the state of Texas.

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the obligation is incurred. The financial statements have been prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP").

Adoption of New Accounting Standards - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers (Topic 606).* ASU 2014-09 and subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. ASU 2014-09 also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective September 1, 2018, the first day of the Organization's fiscal year using the modified retrospective approach.

As part of the adoption of ASU 2014-09, the Organization elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of ASU 2014-09 resulted in no change to beginning net assets as of September 1, 2018. The impact of applying ASU 2014-09 for the years ended August 31, 2020 and 2019 resulted in no change to program service fees revenue, as they continue to be accounted for as a single performance obligation and recognized over the period during which services are rendered, consistent with prior revenue recognition guidance under U.S. GAAP.

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets 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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

2 - Significant Accounting Policies (continued)

Revenues and Support - The Organization is supported primarily through program service fees related to government contracts. Contract amounts are subject to state funding and the use of the various programs within the state of Texas. Certain revenues provided under the contracts are subject to audit by the particular providing agency. Any refunds due these agencies as a result of retroactive audit adjustments are recognized in the year they are uncovered, as reductions of the related revenue.

Revenue Recognition - Revenues related to contributions are recognized when the funds are received. Revenues related to program service fees are recognized evenly over the period of time during which services are rendered. All revenues are recognized in an amount that reflects the consideration the Organization has received or expects to receive in exchange for those services.

Performance Obligations - Performance obligations related to program service fees revenue are satisfied over the period of time for which services are rendered. Fee payments are billed and collected on a semi-monthly basis, and the related revenue is recognized evenly during the month as services are rendered.

Programs - The Organization pursues its objectives through the execution of the following programs:

Major Programs:

Consumer Directed Services (CDS) - Trained attendants provide the care and support systems necessary for disabled individuals to live independently and function productively in mainstream society. This program empowers consumers to make personal decisions related to the delivery of Personal Assistance Services and Respite Services within their homes and is offered throughout the entire state of Texas.

Primary Home Care Program (PHC) - This program offers three types of services, including Community Attendant Services, which provides an in-home attendant for adults with a medical need for specific tasks, Primary Home Care Program, which is prescribed by a physician as part of a client's plan of care, or Family Care, which provides services for eligible adults who are functionally limited in performing daily activities.

Mental Health Mental Retardation (MHMR) - This program provides services to individuals with intellectual developmental disabilities or autism living in their own homes or family homes through contracts with local MHMR Centers. Services available include nursing care or community support.

Star+Plus Managed Care Program - This managed care program provides medical care and service coordination for those on Medicaid who need long-term comprehensive services and support, directed by their Primary Care Physician. Contracted providers include Amerigroup, Cigna Healthspring, Molina, United Healthcare, and Superior health plans.

Star Kids Managed Care Program - This program is a Texas Medicaid care program designed to meet the unique needs of children and adults 20 and younger with disabilities. The program provides benefits such as assistance with coordinating care, prescription drugs, hospital care, primary and specialty care, preventative care, personal care services, private duty nursing, and durable medical equipment and supplies.

Other Programs:

Home Health Services - This program may include, at the direction of one's doctor, skilled nursing care provided by qualified Registered Nurses, Physical, Occupational and Speech Therapy provided by qualified therapists, Medical Social Services to help patients and their families with the patient's recovery, or Home Health Aide Services, to assist with the patient's personal care and activities of daily living.

2 - Significant Accounting Policies (continued)

Private Pay Services - Regardless of eligibility for state or federally funded services, the Organization may provide in-home nonmedical attendant care throughout the eleven county Dallas/Fort Worth metroplex area through the Private Pay option, wherein services are paid for by the individual requesting them.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort.

Use of Estimates - Management used estimates and assumptions in preparing these financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services - Donated services are recognized as contributions if the services a) create or enhance non-financial assets, or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognized $8,225 in donated services for the year ended August 31, 2020 and recognized no donated services for the year ended August 31, 2019. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements, as the aforementioned recognition criteria were not met.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Organization considers all bank deposits and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Accounts Receivable - Accounts receivable primarily relate to program service fees due on government contracts. Uncollectible receivables are charged against an allowance for doubtful accounts when deemed uncollectible. At August 31, 2020 and 2019, the allowance for doubtful accounts was $287,283 and $332,035, respectively.

Physical Properties - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Maintenance, repairs and minor renewals that do not significantly improve or extend the lives of the representative assets are expensed when incurred. Additions, improvements and major renewals of $5,000 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 12 years.

Income Taxes - The Organization follows the Income Taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of August 31, 2020, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months. The 2017 through 2020 tax years remain subject to examination by the Internal Revenue Service.

2 - Significant Accounting Policies (continued)

Concentrations of Credit Risk - At times, the Organization may maintain cash balances with financial institutions in excess of federally insured limits. It is the opinion of management that the solvency of these financial institutions is sufficient to cover any exposure. Additionally, revenues and accounts receivable are primarily derived from government contracts with the state of Texas.

Subsequent Events - Subsequent events have been evaluated through November 24, 2020, which is the date the financial statements were available to be issued.

3 - Liquidity and Availability of Resources

The Organization operates under a budget approved by its Finance Committee and Board of Directors, who are responsible for monitoring the liquidity necessary to meet the Organization's operating needs. They meet periodically throughout the year to evaluate the actual results of financial operations versus the budget.

Financial assets available for general expenditure, that is, without donor restrictions limiting their use or without requiring specific action of the Finance Committee or Board of Directors, within one year of the dates of the statements of financial position, are comprised of the following:

	2020	2019
Cash and cash equivalents	$ 2,580,725	$ 1,188,541
Accounts receivable, net	1,848,784	1,828,031
Financial assets available to meet general expenditure needs within one year	$ 4,429,509	$ 3,016,572

In addition to the financial assets available to meet general expenditure needs calculated above, the Organization has access to a line of credit as further described at Note 6.

4 - Intangible Asset

During the year ended August 31, 2018, the Organization developed a time-tracking software program for attendant workers. The total cost for the software was $346,964. The cost of the asset is being amortized over a 5-year period which began in September 2018. The balance of the asset value, net of amortization expense, was $208,172 and $277,568 as of August 31, 2020 and 2019, respectively.

5 - Operating Leases

The Organization has entered into non-cancelable operating leases for office equipment and office space. Rent payments under these leases totaled $99,886 and $102,044 for the years ended August 31, 2020 and 2019, respectively. The following is a schedule of future minimum rentals under these leases:

Year Ending August 31,	
2021	$ 91,881
2022	95,876
2023	95,876
2024	55,927

HELPING RESTORE ABILITY
Notes to Financial Statements

6 - Line of Credit

The Organization has a revolving line of credit with a financial institution with a borrowing limit of $750,000. The line, which is secured by assets of the Organization, bears interest at 5.9%, with payments due monthly. It matures in January 2021, at which time, all unpaid principal and interest will become due. There was no outstanding balance as of August 31, 2020 and 2019.

7 - Note Payable

In April 2020, the Organization obtained a note payable under the Small Business Administration ("SBA") Paycheck Protection Program (the "Program") of the CARES Act in the amount of $522,601. The note requires monthly payments of principal and interest, with a fixed interest rate of 1.00%, and matures in April 2022. Under the Program, all or a portion of the note payable may be forgiven for amounts that are used for qualifying purposes under the SBA requirements. Management estimates that the full amount will be forgiven.

8 - Retirement Plan

The Organization sponsors a defined contribution retirement plan, covering all employees with at least one year of service who agree to make contributions to the plan. The Organization may match participants' contributions to the plan up to a determined percentage of each individual participant's compensation. In addition, at its discretion, the Organization may contribute additional funds to the plan. The Organization elected to match 100% of the employees' contributions up to 4% of each participant's compensation for each of the past two years; this matching contribution totaled $35,327 and $41,174 for the years ended August 31, 2020 and 2019, respectively.

9 - Net Assets With Donor Restrictions

During the year ended August 31, 2019, net assets with donor restrictions in the amount of $140,000 were released from restriction due to passage of time and were reclassified to net assets without donor restrictions.