

**SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2019



williams crow mask

Deep roots. Deep resources. Deep in the heart of Texas

Independent Auditor's Report

To the Board of Directors
San Antonio Clubhouse, Inc.

We have audited the accompanying consolidated financial statements of San Antonio Clubhouse, Inc. (the Clubhouse), a non-profit, which comprise the consolidated statements of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Clubhouse, Inc. as of December 31, 2019, 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.

Williams, Crow, Mask, LLP

Williams, Crow, Mask, LLP
San Antonio, Texas
August 11, 2020

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES
Consolidated Statement of Financial Position
December 31, 2019

Current assets:	
Cash and cash equivalents	\$ 1,172,796
Grants receivable	66,027
Total Current Assets	<u>1,238,823</u>
Property and equipment, net	<u>1,998,659</u>
Total Assets	<u><u>\$ 3,237,482</u></u>
Current liabilities:	
Accounts payable	\$ 14,462
Accrued expenses	8,629
Current portion of long-term debt	34,719
Total Current Liabilities	<u>57,810</u>
Long-term debt	<u>689,802</u>
Total Liabilities	<u><u>747,612</u></u>
Net assets:	
Without donor restrictions	2,391,737
With donor restrictions	98,133
Total Net Assets	<u>2,489,870</u>
Total Liabilities and Net Assets	<u><u>\$ 3,237,482</u></u>

See Accompanying Notes to the Consolidated Financial Statements and the Auditor's Report

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Grants	\$ 404,531	\$ 461,437	\$ 865,968
Contributions	1,125,096	-	1,125,096
Program revenue	28,350	-	28,350
Special events, net of \$39,826 of expenses	102,405	-	102,405
Rental income	129,499	-	129,499
In-kind revenue	23,423	-	23,423
Interest income	4,803	-	4,803
Other income	13,113	-	13,113
	<u>1,831,220</u>	<u>461,437</u>	<u>2,292,657</u>
Assets released from restriction	405,393	(405,393)	-
	<u>2,236,613</u>	<u>56,044</u>	<u>2,292,657</u>
Total revenues and support	2,236,613	56,044	2,292,657
Expenditures			
Program services	1,152,420	-	1,152,420
General and administrative	187,116	-	187,116
Fundraising	45,315	-	45,315
Total expenditures	<u>1,384,851</u>	<u>-</u>	<u>1,384,851</u>
Change in net assets	851,762	56,044	907,806
Net assets at beginning of year	1,539,975	42,089	1,582,064
Net assets at end of year	<u>\$ 2,391,737</u>	<u>\$ 98,133</u>	<u>\$ 2,489,870</u>

See Accompanying Notes to the Consolidated Financial Statements and the Auditor's Report

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES
Consolidated Statement of Cash Flow
Year Ended December 31, 2019

Cash flows from operating activities	
Cash received from support	\$ 2,386,698
Cash payments for services	(449,374)
Payments to employees for services	(897,688)
Net cash provided by operating activities	<u>1,039,636</u>
Cash flows from capital and related financing activities	
Principal payments on notes	(33,349)
Interest paid	(33,438)
Net cash used by capital and related financing activities	<u>(66,787)</u>
Cash flows from investing activities	
Interest income	4,803
Net cash provided by investing activities	<u>4,803</u>
Net increase (decrease) in cash and cash equivalents	977,652
Beginning cash and cash equivalents	195,144
Ending cash and cash equivalents	<u><u>\$ 1,172,796</u></u>
Reconciliation of change in net assets	
provided by operating activities	
Change in net assets	\$ 907,806
Adjustments to reconcile change in net assets	
provided by operating activities:	
Depreciation	72,024
Interest income	(4,803)
Interest paid	33,438
Changes in operating assets and liabilities:	
Decrease (increase) in assets:	
Grants receivable	96,962
Accounts receivable	1,882
Increase (decrease) in liabilities:	
Accounts payable	(58,089)
Other payables	(18,213)
Accrued expenses	8,629
Net cash flow provided by operating activities	<u><u>\$ 1,039,636</u></u>

See Accompanying Notes to the Consolidated Financial Statements and the Auditor's Report

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES
Consolidated Schedule of Functional Expenses
Year Ended December 31, 2019

	Program Services	General and Administrative	Fundraising	Total
Payroll expenses				
Salaries and wages	\$ 641,891	\$ 75,517	\$ 37,758	\$ 755,166
Employee Benefits	72,373	8,515	4,257	85,145
Payroll taxes	56,105	6,601	3,300	66,006
Total Payroll Expenses	<u>770,369</u>	<u>90,633</u>	<u>45,315</u>	<u>906,317</u>
Operating expenses				
Advocacy expenses	2,796	-	-	2,796
Bank fees	-	7,414	-	7,414
Contract labor	855	-	-	855
Depreciation	64,822	7,202	-	72,024
Dues and subscriptions	-	15,032	-	15,032
Equipment expense	5,175	-	-	5,175
Grant program expense	54,200	-	-	54,200
In-Kind expense	23,423	-	-	23,423
Insurance	24,955	1,313	-	26,268
Interest	-	33,438	-	33,438
Member services	7,538	-	-	7,538
Miscellaneous	1,620	180	-	1,800
Nutrition costs and supplies	41,013	-	-	41,013
Postage and shipping	5,897	655	-	6,552
Printing and copying	2,863	318	-	3,181
Professional fees	-	17,105	-	17,105
Property taxes	12,847	1,427	-	14,274
Repairs and maintenance	19,861	2,207	-	22,068
Supplies	9,617	1,069	-	10,686
Technology expense	13,278	1,475	-	14,753
Training	22,461	-	-	22,461
Travel	13,165	1,463	-	14,628
Utilities	54,888	6,099	-	60,987
Vehicle expense	777	86	-	863
Total operating expense	<u>382,051</u>	<u>96,483</u>	<u>-</u>	<u>478,534</u>
Total expenditures	<u><u>\$ 1,152,420</u></u>	<u><u>\$ 187,116</u></u>	<u><u>\$ 45,315</u></u>	<u><u>\$ 1,384,851</u></u>

See Accompanying Notes to the Consolidated Financial Statements and the Auditor's Report

**SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES**
Notes to the Consolidated Financial Statements
December 31, 2019

1) Organization

San Antonio Clubhouse, Inc. and Subsidiaries (the Clubhouse) are nonprofit organizations. The Clubhouse provides its members who suffer from schizophrenia, bipolar disorder, major depression, or other serious mental illnesses with a place to regain their self-worth, purpose, and confidence through various volunteer work activities.

2) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The following consolidated statements of San Antonio Clubhouse, Inc. (the Clubhouse) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The Clubhouse is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions. These classes are as follows:

Net Assets Without Donor Restrictions – Net assets without donor-imposed restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets With Donor Restrictions – Net assets with donor restrictions are those whose use is limited by donor imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expirations of restrictions on net assets are reported as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on other assets or liabilities are reported as increase or decrease in net assets without restrictions unless their use is restricted by explicit donor stipulations or by law.

Principles of Consolidation

The accompanying consolidated financial statements include consolidated activity and accounts of the Clubhouse, Texas Clubhouse Coalition, and The San Antonio Clubhouse Foundation. All significant intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid interest-bearing depository and money market accounts. The Clubhouse considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents unless subject to long-term restrictions or held temporarily until suitable investments are identified.

Pledges and Accounts Receivable

Contributions are recognized when the donor makes a promise to give a contribution to the organization that is in substance, unconditional. Accounts receivable primarily consists of promises to give.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

**SAN ANTONIO CLUBHOUSE, INC.
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Notes to the Consolidated Financial Statements
December 31, 2019

2) Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Generally accepted accounting principles define fair value and establish a framework for measuring fair value. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. Fair value is reported using a three-tier hierarchy as mandated by Generally Accepted Accounting Principles. The three levels of inputs used to measure fair value are as follows:

Level 1: Inputs that are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability.

A financial instrument's level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amount of cash and cash equivalents, pledges and other receivable, accounts payable and accrued expense approximates fair market value due to the short-term maturities of investments

The Clubhouse does not have Level 2 or Level 3 assets or liabilities.

Property, Plant and Equipment (Net of Depreciation)

Property and equipment are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements which add substantial life are capitalized and are depreciated over their remaining useful lives using the straight-line method as follows:

	Est. Depreciable Life
Buildings	40 Yrs.
Equipment & Furniture	3-7 Yrs.
Vehicles	5 Yrs.

**SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES**
Notes to Consolidated Financial Statements
December 31, 2019

2) Summary of Significant Accounting Policies (Continued)

Revenues

Support and revenue are recorded based on the accrual method.

Functional Expenses

Operating expenses directly identifiable with a functional area are charged to that area and, where expenses affect more than one area, they are allocated on the basis of ratios determined by management.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Clubhouse and its subsidiaries are a not-for-profit organization that is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code. All entities are exempt from federal income taxes, but must file Form 990 to comply with its federal tax reporting obligation. All Clubhouse filings with the Internal Revenue Service are current.

3) Liquidity

The Clubhouse's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2019</u>
Cash and cash equivalents	\$ 1,172,796
Grants receivables	<u>66,027</u>
	1,238,823
Restricted net assets	<u>(98,133)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 1,140,690</u></u>

**SAN ANTONIO CLUBHOUSE, INC.
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Notes to Consolidated Financial Statements
December 31, 2019

4) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2019 consisted of \$98,133 will become available for next year's operations.

5) Concentration of Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Clubhouse's deposits may not be returned to it. At December 31, 2019, The San Antonio Clubhouse Foundation's cash and cash equivalents held at financial institutions exceeded the Federal Deposit Insurance Clubhouse coverage limits by \$652,976. The Clubhouse places its cash with high credit quality financial institutions and thereby limit the amount of credit exposure risk to one financial institution.

6) Line of Credit

The Clubhouse has an open line of credit with Jefferson bank for \$400,000, at December 31, 2019 no amounts were drawn. This line of credit is secured by the Citizens Parkway building. Interest is computed at 1.50% on the basis of a year of 360 days and for the actual number of days elapsed. Interest will be calculated on the unpaid principal to the date of each installment paid.

7) Property and Equipment

A summary of changes in capital assets for the year ended December 31, 2019 is as follows:

	Balances at 12/31/18	Increases	Decreases	Balances at 12/31/19
Capital Assets				
Building and improvements	\$ 2,121,304	\$ -	\$ -	\$ 2,121,304
Furniture, fixtures and equipment	62,937	-	-	62,937
Vehicles	46,123	-	-	46,123
Leafygreen machine	85,000	-	-	85,000
Total	<u>2,315,364</u>	<u>-</u>	<u>-</u>	<u>2,315,364</u>
Less accumulated depreciation	<u>244,681</u>	<u>72,024</u>	<u>-</u>	<u>316,705</u>
Total assets	<u>\$ 2,070,683</u>	<u>\$ (72,024)</u>	<u>\$ -</u>	<u>\$ 1,998,659</u>

Depreciation expense for the year was \$72,024.

**SAN ANTONIO CLUBHOUSE, INC.
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Notes to Consolidated Financial Statements
December 31, 2019

8) Notes Payable

The San Antonio Clubhouse Foundation finances a building at 6851 Citizens Parkway with Jefferson Bank. Under the terms of this loan, payments of \$5,399.88 are due and payable monthly at an interest rate of 4.5%. The loan matures on July 20, 2035. Collateral for this note is the Citizens Parkway building.

Additionally, the Clubhouse finances a copier machine with Jefferson Bank. Under the terms of this loan, payments of \$165.74 are due and payable monthly at an interest rate of 5.5%. The loan matures on March 23, 2023.

The aggregate note payable balance was \$724,521 and interest expense was \$33,438 for the year ended.

Debt service requirements to maturity are as follows:

For the Year ended December 31,	Notes Payable	
	Principal	Interest
2020	\$ 34,719	\$ 32,068
2021	36,332	30,456
2022	38,020	28,768
2023	38,249	27,030
2024	39,508	25,290
2025 and thereafter	537,693	138,352
	<u>\$ 724,521</u>	<u>\$ 281,964</u>

9) Equity Transfer

In 2019, The San Antonio Clubhouse Foundation recognized a transfer of assets in the amount of \$2,121,304 for the Citizens Parkway Building and remodel as well as the related loan with Jefferson Bank. The San Antonio Clubhouse Foundation is a subsidiary of The San Antonio Clubhouse and the entity is included in these consolidated financial statements. The San Antonio Clubhouse Foundation measured the building at the cost recognized by The San Antonio Clubhouse.

10) Subsequent Events

Subsequent events were evaluated through August 11, 2020. The date the report was available.

The ongoing effects of the Covid-19 pandemic and the related uncertainties are expected to impact the Clubhouse's financial performance for the year ended December 31, 2020 and, possibly, beyond. The financial impact will be dependent on the spread and duration of the pandemic and on related restrictions and government advisories. Given this uncertainty, the financial impact cannot be predicted at this time.

**SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES**
Consolidating Schedule of Financial Position
December 31, 2019

	The San Antonio Clubhouse	Texas Clubhouse Coalition	The San Antonio Foundation	Consolidating Entries	Totals
Assets:					
Cash and cash equivalents	\$ 141,073	\$ 78,538	\$ 1,048,837	\$ (95,652)	\$1,172,796
Intercompany receivables	-	-	110,000	(110,000)	-
Grants receivable	59,717	-	6,310	-	66,027
	<u>200,790</u>	<u>78,538</u>	<u>1,165,147</u>	<u>(205,652)</u>	<u>1,238,823</u>
Property and equipment, net	113,989	-	1,884,670	-	1,998,659
Total assets	<u>314,779</u>	<u>78,538</u>	<u>3,049,817</u>	<u>(205,652)</u>	<u>3,237,482</u>
Liabilities:					
Accounts payable	2,258	3,015	9,189	-	14,462
Intercompany payables	205,652	-	-	(205,652)	-
Accrued expenses	1,492	-	7,137	-	8,629
Current portion of long-term debt	1,708	-	33,011	-	34,719
	<u>211,110</u>	<u>3,015</u>	<u>49,337</u>	<u>(205,652)</u>	<u>57,810</u>
Long-term debt	4,186	-	685,616	-	689,802
Net assets:					
Without donor restrictions	1,350	75,523	2,314,864	-	2,391,737
With donor restrictions	98,133	-	-	-	98,133
Total liabilities and net assets	<u>\$ 314,779</u>	<u>\$ 78,538</u>	<u>\$ 3,049,817</u>	<u>\$ (205,652)</u>	<u>\$3,237,482</u>

**SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES**
Consolidating Schedule of Statement of Activities and Changes in Net Assets
December 31, 2019

	The San Antonio Clubhouse	Texas Clubhouse Coalition	The San Antonio Foundation	Consolidating Entries	Totals
Revenues, gains and other support:					
Grants	\$ 665,968	\$ 200,000	\$ -	\$ -	\$ 865,968
Contributions	121,096	-	1,004,000	-	1,125,096
Program revenue	28,350	-	-	-	28,350
Special events, net of expenses	102,405	-	-	-	102,405
Rental income, net	-	-	312,715	(183,216)	129,499
In-kind revenue	23,423	-	-	-	23,423
Interest income	827	-	3,976	-	4,803
Other	94,334	-	-	(81,221)	13,113
Total revenues, gains and other support	<u>1,036,403</u>	<u>200,000</u>	<u>1,320,691</u>	<u>(264,437)</u>	<u>2,292,657</u>
Expenses:					
Advocacy expenses	-	4,196	-	(1,400)	2,796
Bank fees	7,335	50	29	-	7,414
Contract labor	-	717	378	(240)	855
Depreciation	18,238	-	53,786	-	72,024
Dues and subscriptions	14,895	32	137	(32)	15,032
Equipment expense	5,175	-	-	-	5,175
Grant program expense	-	56,760	-	(2,560)	54,200
In-kinds expense	23,423	-	-	-	23,423
Insurance	12,765	-	13,503	-	26,268
Interest	376	-	33,062	-	33,438
Management fees	-	-	15,000	(15,000)	-
Member services	7,538	14,815	-	(14,815)	7,538
Miscellaneous	1,255	330	385	(170)	1,800
Nutrition costs and supplies	41,013	-	-	-	41,013
Payroll Expenses	906,317	-	-	-	906,317
Postage and shipping	6,543	9	-	-	6,552
Printing and copying	3,181	-	-	-	3,181
Professional fees	8,652	2,694	5,759	-	17,105
Property taxes	-	-	14,274	-	14,274
Rental Expense	183,216	-	-	(183,216)	-
Repairs and maintenance	5,968	-	20,900	(4,800)	22,068
Supplies	8,592	-	2,094	-	10,686
Technology expense	9,999	43,784	-	(39,030)	14,753
Training	21,050	1,411	-	-	22,461
Travel	11,153	6,400	-	(2,925)	14,628
Utilities	8,331	-	52,905	(249)	60,987
Vehicle expense	863	-	-	-	863
Total expenses	<u>1,305,878</u>	<u>131,198</u>	<u>212,212</u>	<u>(264,437)</u>	<u>1,384,851</u>
Increase (decrease) in net assets	<u>\$ (269,475)</u>	<u>\$ 68,802</u>	<u>\$ 1,108,479</u>	<u>\$ -</u>	<u>\$ 907,806</u>