

The Prosthetic Foundation

Financial Statements

December 31, 2019 (reviewed)
and 2018 (audited)



The Prosthetic Foundation

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Independent Accountant's Review Report

To Management of
The Prosthetic Foundation

We have reviewed the accompanying financial statements of The Prosthetic Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Prosthetic Foundation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

October 26, 2020

Financial Statements

The Prosthetic Foundation

Statements of Financial Position
December 31, 2019 (reviewed) and 2018 (audited)

Assets

	2019 (reviewed)	2018 (audited)
Current Assets:		
Cash and Cash Equivalents	\$ 215,670	\$ 318,816
Accounts Receivable	4,225	25,988
Prepaid Expenses	1,038	500
Total Current Assets	<u>220,933</u>	<u>345,304</u>

Total Assets	\$ <u>220,933</u>	\$ <u>345,304</u>
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Liabilities and Net Assets

Current Liabilities:		
Accounts Payable	\$ 24,941	\$ 29,923
Total Current Liabilities	<u>24,941</u>	<u>29,923</u>

Net Assets:		
Without Donor Restrictions	195,992	315,381
With Donor Restrictions	-	
Total Net Assets	<u>195,992</u>	<u>315,381</u>

Total Liabilities and Net Assets	\$ <u>220,933</u>	\$ <u>345,304</u>
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See Accompanying Notes and Independent Accountant's Review Report.

The Prosthetic Foundation

Statement of Activities

Year Ended December 31, 2019 (reviewed)

[with Comparative Totals for the Year Ended December 31, 2018 (audited)]

	2019 (reviewed)			2018 Totals (audited)
	Without Donor Restrictions	With Donor Restrictions	Totals	
Support and Revenues				
Donated Contributions	\$ 26,740	\$ -	\$ 26,740	\$ 36,368
Grant Income	66,000	-	66,000	290,100
Special Events, net of expenses of \$53,533 and \$52,245 in 2019 and 2018, respectively	-	-	-	-
Interest Income	9,413	-	9,413	78,516
	506	-	506	-
Total Support and Revenues	102,659	-	102,659	404,984
Expenses				
Program Services	146,679	-	146,679	97,762
Support Services:				
Management and General	75,369	-	75,369	47,805
Fundraising	-	-	-	-
Total Expenses	222,048	-	222,048	145,567
Change in Net Assets	(119,389)	-	(119,389)	259,417
Net Assets at Beginning of Year	315,381	-	315,381	55,964
Net Assets at End of Year	\$ 195,992	\$ -	\$ 195,992	\$ 315,381

See Accompanying Notes and Independent Accountant's Review Report.

The Prosthetic Foundation

Statement of Functional Expenses

Year Ended December 31, 2019 (reviewed)

[with Comparative Totals for the Year Ended December 31, 2018 (audited)]

	Support Services			2019 Totals (reviewed)	2018 Totals (audited)
	Program Services	Management and General	Fundraising		
Salaries and Wages	\$ 27,434	\$ 27,432	\$ -	\$ 54,866	\$ 48,949
Payroll Taxes	2,280	2,280	-	4,560	3,704
Total Salaries and Related Expenses	29,714	29,712	-	59,426	52,653
Advertising	1,894	1,894	-	3,788	1,383
Bank Fees	-	2,722	-	2,722	2,993
Dues & Licenses	558	-	-	558	1,649
Insurance	-	4,490	-	4,490	5,787
IT Support	2,005	2,005	-	4,010	3,044
Mileage/ Auto	-	133	-	133	116
Office Expense	-	3,283	-	3,283	12,402
Professional Services	-	25,331	-	25,331	4,025
Grant Expense	112,508	-	-	112,508	67,572
Training	-	5,799	-	5,799	144
Total Expenses	\$ 146,679	\$ 75,369	\$ -	\$ 222,048	\$ 151,768

See Accompanying Notes and Independent Accountant's Review Report.

The Prosthetic Foundation

Statements of Cash Flows Years Ended December 31, 2019 (reviewed) and 2018 (audited)

	<u>2019</u> <u>(reviewed)</u>	<u>2018</u> <u>(audited)</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (119,389)	\$ 259,417
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in:		
Accounts Receivable	21,763	(25,988)
Prepaid Expenses	(538)	(500)
Decrease in:		
Accounts Payable	<u>(4,982)</u>	<u>(9,340)</u>
Net Cash Provided (Used) by Operating Activities	<u>(103,146)</u>	<u>223,589</u>
Net Increase (Decrease) in Cash	(103,146)	223,589
Cash and Cash Equivalents, Beginning of Year	<u>318,816</u>	<u>95,227</u>
Cash and Cash Equivalents, End of Year	\$ <u>215,670</u>	\$ <u>318,816</u>

See Accompanying Notes and Independent Accountant's Review Report.

The Prosthetic Foundation

Notes to Financial Statements
December 31, 2019 (reviewed) and 2018 (audited)

Note 1: Nature of Organization

The Prosthetic Foundation (the Organization), a non-profit corporation, is dedicated to helping under and uninsured amputees throughout Texas obtain a prosthesis with the follow-up care that is essential for successfully regaining mobility and independence.

Note 2: Summary of Accounting Principles

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of the Organization generally are not considered “restricted” under GAAP, though for internal reporting the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.
- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than the Organization mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Methods Used for Allocation of Expenses among Program and Supporting Services

The costs of providing services and support services are summarized on a functional basis in the statement of activity. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and support services. These expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on a basis of time and effort (such as salaries and other labor related expenses) as well as square footage (such as occupancy related expenses) or other reasonable basis.

Estimates

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

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair market values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restrictions are reclassified to Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions

The Prosthetic Foundation

Notes to Financial Statements
December 31, 2019 (reviewed) and 2018 (audited)

Note 2: Summary of Accounting Principles (Continued)

Fair Value Measurements

The Fair Value Measurements and Disclosures, ASC 820, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, established a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Organization did not have any assets or liabilities that were subject to measurement.

Fair Value of Financial Instruments

The Organization's financial instruments include cash, receivables, and payables. The carrying amount of these financial instruments as reflected in the Statement of Financial Position approximates fair value.

Federal Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) for the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2019 and 2018. The Organization is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

Recently Issued Accounting Pronouncements

Adopted During 2019

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 is effective for periods beginning after December 15, 2018, with early adoption permitted. The pronouncement clarifies the definition of an exchange transaction and contributions made and received. The Organization adopted the new provisions of this standard during the year ended December 31, 2019. There were no significant effects on the financial statements and related disclosures.

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for reporting periods beginning after December 15, 2020. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Consolidated Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

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Notes to Financial Statements
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Note 2: Summary of Accounting Principles (Continued)

In May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, Topic 606. For not-for-profit organizations that have issued, or are conduit bond obligors for, securities traded, listed, or quoted on an exchange or an over-the-counter market, the standard is currently in effect. For all other not-for-profit organizations, the standard takes effect in annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 31, 2019. On June 3, 2020, The FASB issued a one year delay for the effective date of this standard for entities that have not yet issued financial statements or made financial statements available for issuance as of June 3, 2020 reflecting adoption of ASC 606. As of June 3, 2020, The Organization had not yet issued such financial statements or made such financial statements available for issuance. Therefore, ASC 606 takes effect for the Organization in annual reporting periods beginning after December 15, 2019, and the interim reporting periods within annual reporting periods beginning after December 31, 2020. The core principle of this pronouncement focuses on the contract between the organization and its customers for goods and services, and ultimately, the rights and obligations between the organization and the customer. Management of the Organization is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled **\$1,400** and \$1,383 for the years ended December 31, 2019 and 2018, respectively.

Note 3: Liquidity and Availability

The following represents the Organization's financial assets at December 31, 2019 and 2018 available to meet general expenditures over the next twelve months:

Financial assets at year end:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 215,670	\$ 318,816
Pledges Receivable, Net of Allowance for Doubtful Accounts	<u>4,225</u>	<u>25,988</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 219,895</u></u>	<u><u>\$ 344,804</u></u>

Note 4: Concentrations

Credit Risk of Financial Instruments

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of its cash balance held at its financial institution. The account at the institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2019 and 2018, The Organization's cash balance at its financial institution exceeded the insured FDIC limit by **\$0** and \$73,389, respectively. The Organization has not experienced any losses in such account and management believes it is not exposed to a significant risk on its cash balance.

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Notes to Financial Statements
December 31, 2019 (reviewed) and 2018 (audited)

Note 4: Concentrations (Continued)

Support and Revenues

The Prosthetic Foundation received approximately **16%** of total support and revenues from one grantor for the year ended December 31, 2019 and approximately 56% of total support and revenues from two grantors for the year ended December 31, 2018. The loss of funding from this grantor could reduce The Prosthetic Foundation's ability to achieve its objectives.

Note 5: Related Parties

Peripheral Vascular Associates (PVA) serve as members of the governing board of The Prosthetic Foundation. PVA provides accounting and payroll related services to The Prosthetic Foundation. There are related party transactions between these organizations, resulting in related party payables. As of December 31, 2019 and 2018, The Prosthetic Foundation had a balance due to PVA of **\$21,829** and \$30,644, respectively.

Note 6: Subsequent Events

Subsequent events have been evaluated through October 26, 2020, which is the date the financial statements were available to be issued.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "global health emergency" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates.

In light of the uncertain and rapidly evolving coronavirus situation, the Organization has taken precautionary measures intended to minimize the risk of the virus to the Organization's employees and the communities in which the Organization operates. At the current time, the Organization is unable to quantify the potential effects of this pandemic on the Organization's future financial statements.