The Prosthetic Foundation

Financial Statements

December 31, 2018

SCHRIVER CARMONA
Certified Public Accountants

The Prosthetic Foundation

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SCHRIVER CARMONA
Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors of
The Prosthetic Foundation

We have audited the accompanying financial statements of The Prosthetic Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, 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 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 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 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Prosthetic Foundation as of December 31, 2018, 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.

Schriver Carmona

Schriver, Carmona & Company, PLLC

San Antonio, Texas

November 18, 2019

Financial Statements

The Prosthetic Foundation

Statement of Financial Position
December 31, 2018

Assets		
Current Assets:		
Cash	$	318,816
Accounts Receivable		25,988
Prepaid Expenses		500
Total Current Assets		345,304
Total Assets	$	345,304
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	$	29,923
Total Current Liabilities		29,923
Net Assets:		
Without Donor Restrictions		315,381
With Donor Restrictions		-
Total Net Assets		315,381
Total Liabilities and Net Assets	$	345,304

The Accompanying Notes are an Integral Part of These Financial Statements.

The Prosthetic Foundation

Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
Donated Contributions	$ 36,368	$ -	$ 36,368
Grant Income	290,100		290,100
Special Events, net of expenses of $52,245	78,516	-	78,516
Total Support and Revenues	404,984	-	404,984
Expenses			
Program Services	97,762	-	97,762
Support Services:			
Management and General	47,805	-	47,805
Fundraising	-	-	-
Total Expenses	145,567	-	145,567
Change in Net Assets	259,417	-	259,417
Net Assets at Beginning of Year	55,964	-	55,964
Net Assets at End of Year	$ 315,381	$ -	$ 315,381

The Accompanying Notes are an Integral Part of These Financial Statements.

The Prosthetic Foundation

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Support Services: Management and General	Support Services: Fundraising	**Totals**
Salaries and Wages	$ 24,475	$ 24,474	$ -	$ 48,949
Payroll Taxes	1,852	1,852	-	3,704
Total Salaries and Related Expenses	26,327	26,326	-	52,653
Advertising	692	691	-	1,383
Bank Fees	-	2,993	-	2,993
Dues & Licenses	1,649	-	-	1,649
Insurance	-	5,787	-	5,787
IT Support	1,522	1,522	-	3,044
Mileage/ Auto	-	116	-	116
Office Expense	-	6,201	-	6,201
Professional Services	-	4,025	-	4,025
Grant Expense	67,572	-	-	67,572
Training	-	144	-	144
Total Expenses	$ 97,762	$ 47,805	$ -	145,567

The Accompanying Notes are an Integral Part of These Financial Statements.

The Prosthetic Foundation

Statement of Cash Flows
Year Ended December 31, 2018

Cash Flows From Operating Activities:		
Change in Net Assets	$	259,417
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided (Used) by Operating Activities:		
Increase in:		
Accounts Receivable		(25,988)
Prepaid Expenses		(500)
Decrease in:		
Accounts Payable		(9,340)
Net Cash Provided by Operating Activities		223,589
Net Increase in Cash		223,589
Cash, Beginning of Year		95,227
Cash, End of Year	$	318,816

The Accompanying Notes are an Integral Part of These Financial Statements.

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

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 year ended December 31, 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.

New Accounting Pronouncements

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 15, 2019. 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.

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 on the statement of financial position as an asset (right to use leased asset) and a liability (lease liability). The Organization's 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.

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. Management of the Organization is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Note 2: Summary of Accounting Principles (Continued)

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $1,383 for the year ended December 31, 2018.

Note 3: Concentration of Credit Risk

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, 2018, the Organization's cash balance at its financial institution exceeded the insured FDIC limit by $73,389. 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.

Note 4: Liquidity and Availability

The following represents the Organization's financial assets at March 31, 2019:

Financial assets at year-end:		
Cash	$	318,816
Accounts receivable		25,988
Total financial assets		344,804
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions		-
Less net assets with purpose restrictions to be met in less than one year		(-)
		-
Financial assets available to meet general expenditures over the next twelve months	$	344,804

Note 5: Subsequent Events

Subsequent events have been evaluated through November 18, 2019, which is the date the financial statements were available to be issued.