

SIDE BY SIDE BRAIN INJURY CLUBHOUSE, INC.  
Stone Mountain, Georgia

Independent Auditor's Report

Financial Statements

Years ended June 30, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Side By Side Brain Injury Clubhouse, Inc.  
Stone Mountain, GA

We have audited the accompanying financial statements of Side By Side Brain Injury Clubhouse, Inc., which comprise the statements of financial position as of June 30, 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.

### *Auditor's 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 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.

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Board of Directors  
Side By Side Brain Injury Clubhouse, Inc.  
Stone Mountain, GA

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Side By Side Brain Injury Clubhouse, Inc. as of June 30, 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.

*Barnes Menito + Barnes LLC*

Atlanta, Georgia  
February 12, 2021

## Side By Side Brain Injury Clubhouse, Inc.

## STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash	\$ 732,657	\$ 506,887
Accounts receivable-net	39,409	119,000
Pledges and grants receivable (Note B)	28,737	37,836
Prepaid Expenses	6,526	20,705
Property and equipment-net (Note G)	<u>1,610,363</u>	<u>1,600,705</u>
 Total assets	 <u>\$ 2,417,692</u>	 <u>\$ 2,285,133</u>
 <b>Liabilities:</b>		
Accounts payable	\$ 167,115	\$ 73,820
Accrued liabilities	<u>7,027</u>	<u>592</u>
Total liabilities	<u>174,142</u>	<u>74,412</u>
 <b>Net assets:</b>		
Without donor restrictions	2,093,072	1,977,373
With donor restrictions	<u>150,478</u>	<u>233,348</u>
Total net assets (Note F)	<u>2,243,550</u>	<u>2,210,721</u>
 Total liabilities and net assets	 <u>\$ 2,417,692</u>	 <u>\$ 2,285,133</u>

The accompanying notes are an integral part of this exhibit.

Side By Side Brain Injury Clubhouse, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

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	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Changes in net assets:			
Revenues, gains (losses) and other support:			
Private gifts and grants	\$ 168,748	\$ 487,704	\$ 656,452
Program fees:			
Rehabilitation	457,986	-	457,986
Interest income	133	-	133
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>570,574</u>	<u>(570,574)</u>	<u>-</u>
Total revenue and other support	<u>1,197,441</u>	<u>(82,870)</u>	<u>1,114,571</u>
Operating expenses:			
Program services:			
Rehabilitation	<u>850,439</u>	<u>-</u>	<u>850,439</u>
Supporting activities:			
Management and general	150,313	-	150,313
Fundraising	<u>80,990</u>	<u>-</u>	<u>80,990</u>
Total supporting activities	<u>231,303</u>	<u>-</u>	<u>231,303</u>
Total operating expenses	<u>1,081,742</u>	<u>-</u>	<u>1,081,742</u>
Changes in net assets	115,699	(82,870)	32,829
Net assets, beginning of year	<u>1,977,373</u>	<u>233,348</u>	<u>2,210,721</u>
Net assets, end of year	<u>\$ 2,093,072</u>	<u>\$ 150,478</u>	<u>\$ 2,243,550</u>

The accompanying notes are an integral part of this exhibit.

Side By Side Brain Injury Clubhouse, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2019

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets:			
Revenues, gains (losses) and other support:			
Private gifts and grants	\$ 151,840	\$ 434,786	\$ 586,626
Program fees:			
Rehabilitation	649,252	-	649,252
Interest income	335	-	335
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>487,298</u>	<u>(487,298)</u>	<u>-</u>
Total revenue and other support	<u>1,288,725</u>	<u>(52,512)</u>	<u>1,236,213</u>
Operating expenses:			
Program services:			
Rehabilitation	<u>812,766</u>	<u>-</u>	<u>812,766</u>
Supporting activities:			
Management and general	125,166	-	125,166
Fundraising	<u>100,191</u>	<u>-</u>	<u>100,191</u>
Total supporting activities	<u>225,357</u>	<u>-</u>	<u>225,357</u>
Total operating expenses	<u>1,038,123</u>	<u>-</u>	<u>1,038,123</u>
Changes in net assets	250,602	<u>(52,512)</u>	198,090
Net assets, beginning of year	<u>1,726,771</u>	<u>285,860</u>	<u>2,012,631</u>
Net assets, end of year	<u>\$ 1,977,373</u>	<u>\$ 233,348</u>	<u>\$ 2,210,721</u>

The accompanying notes are an integral part of this exhibit.

Side By Side Brain Injury Clubhouse, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	<u>Supporting Activities</u>			Total
	Rehabilitation Services	Management and General	Fundraising	
Automobile	\$ 1,265	\$ -	\$ -	\$ 1,265
Bad debt	8,414	935	-	9,349
Bank service charges	-	3,705	-	3,705
Contract labor	1,080	-	-	1,080
Contributions and gifts	945	-	-	945
Depreciation	103,226	5,433	-	108,659
Equipment rental	6,247	694	-	6,941
Insurance	22,457	2,495	-	24,952
Leased employees	584,846	111,295	77,570	773,711
Meetings	1,146	-	-	1,146
Office expense	5,647	627	-	6,274
Postage and delivery	2,153	153	33	2,339
Printing and reproduction	5,084	243	478	5,805
Professional fees	4,200	17,950	-	22,150
Repairs and maintenance	15,551	818	-	16,369
Supplies	22,203	40	183	22,426
Taxes and licenses	383	42	-	425
Technology	31,756	3,736	1,868	37,360
Telephone	9,131	812	203	10,146
Training	1,396	74	-	1,470
Travel	4,496	250	250	4,996
Utilities	18,813	1,011	405	20,229
Total	<u>\$ 850,439</u>	<u>\$ 150,313</u>	<u>\$ 80,990</u>	<u>\$ 1,081,742</u>
Percent of total	<u>79%</u>	<u>14%</u>	<u>7%</u>	<u>100%</u>

The accompanying notes are an integral part of this exhibit.



Side By Side Brain Injury Clubhouse, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2019

	<u>Supporting Activities</u>			Total
	<u>Rehabilitation Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Automobile	\$ 4,918	\$ -	\$ -	\$ 4,918
Bad debt	32,981	-	-	32,981
Bank service charges	2,418	-	-	2,418
Contract labor	1,920	-	-	1,920
Contributions and gifts	1,084	-	-	1,084
Depreciation	65,987	7,585	2,275	75,847
Equipment rental	6,304	700	-	7,004
Fees	2,810	-	11,531	14,341
Insurance	16,717	1,858	287	18,862
Leased employees	573,819	97,882	79,927	751,628
Meetings	1,311	-	-	1,311
Office expense	3,367	374	-	3,741
Postage and delivery	3,834	24	8	3,866
Printing and reproduction	3,020	-	602	3,622
Professional fees	6,053	11,242	-	17,295
Repairs and Maintenance	10,037	528	-	10,565
Supplies	22,440	200	3,810	26,450
Taxes and licenses	887	99	-	986
Technology	20,689	2,434	1,217	24,340
Telephone	7,897	702	175	8,774
Training	2,351	131	130	2,612
Travel	3,894	458	229	4,581
Utilities	18,028	949	-	18,977
Total	<u>\$ 812,766</u>	<u>\$ 125,166</u>	<u>\$ 100,191</u>	<u>\$ 1,038,123</u>
Percent of total	<u>78%</u>	<u>12%</u>	<u>10%</u>	<u>100%</u>

The accompanying notes are an integral part of this exhibit.

## Side By Side Brain Injury Clubhouse, Inc.

## STATEMENTS OF CASH FLOWS

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Changes in net assets:	\$ 32,829	\$ 198,090
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Forgiveness of payroll costs	(178,755)	-
Depreciation	108,659	75,847
(Increase) decrease in assets:		
Accounts receivable	79,591	(2,369)
Pledges and grants receivable	9,099	20,739
Prepaid expenses	14,179	(20,705)
Increase (decrease) in liabilities:		
Accounts payable	272,050	15,592
Accrued liabilities	6,435	(5,705)
Net cash provided by operating activities	<u>344,087</u>	<u>281,489</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(118,317)</u>	<u>(325,838)</u>
Net cash used for investing activities	<u>(118,317)</u>	<u>(325,838)</u>
Net increase in cash	225,770	(44,349)
Cash, beginning of year	<u>506,887</u>	<u>551,236</u>
Cash, end of year	<u>\$ 732,657</u>	<u>\$ 506,887</u>
	<u>2020</u>	<u>2019</u>
Supplemental disclosure of cash flow information		
Forgiveness of payroll costs	<u>\$ (178,755)</u>	<u>\$ -</u>

## Non-cash:

The Organization's common employer, Shepherd Center, Inc., forgave payroll costs of \$178,755 as support during the PHE period.

Side By Side Brain Injury Clubhouse, Inc.

NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2020 and 2019

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Note A-Summary of significant accounting policies:

Nature of activities:

Side by Side Brain Injury Clubhouse, Inc. (the “Organization”) is a not-for-profit voluntary health and welfare agency that provides psychosocial and vocational rehabilitation for adults with brain injuries. The objective is to increase the quality of life through productive activity including paid and non-paid work, education and independent living. It is independently funded primarily through program service fees as well as foundation, corporate, and individual contributions.

Method of accounting:

The Organization maintains its accounting records on the accrual basis of accounting in conformity with generally accepted accounting principles. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

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

Net assets without donor restrictions-Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions-Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time and net assets that may be maintained permanently by the organization.

Cash and cash equivalents:

For purposes of reporting cash flows, the Organization considers all highly liquid, short-term investments with an original maturity of three months or less at acquisition, as cash and cash equivalents.

Side By Side Brain Injury Clubhouse, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2020 and 2019

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Note A-Summary of significant accounting policies-continued:

Concentration of credit risk:

The Organization's cash balances in financial institutions exceed federally insured limits by \$334,484 and \$255,451 at June 30, 2020 and 2019, respectively. The Company has not experienced any losses in such accounts.

Accounts receivables:

Accounts receivable are considered fully collectible and are reported net of an allowance for doubtful accounts of \$956 and \$4,000 at June 30, 2020 and 2019, respectively. The allowance is based on management's estimate of the receivables that are collectible.

Pledges and grants receivable:

Pledges, including unconditional promises to give, and grants are recognized in the period received. The amounts are recorded at their estimated fair value. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Property and equipment:

Property and equipment are stated at cost, or, if donated, at the approximate fair value at the date of donation. Acquisitions of property and equipment in excess of \$2,000 are capitalized.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. A summary of depreciable lives follows:

<u>Asset Type</u>	<u>Years</u>
Vehicles	5
Furniture and equipment	5-10
Buildings and improvements	25

Donated services:

Volunteers have donated significant amounts of their time to the Organization's program services and fundraising campaigns, however these donated services do not meet the established criteria to record in the financial statements.

Side By Side Brain Injury Clubhouse, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2020 and 2019

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Note A-Summary of significant accounting policies-continued:

Income taxes:

The Organization is recognized as exempt from Federal income tax under Internal Revenue Code Section 501(c) (3) whereby only the unrelated business income, as defined by Section 512(a) (1) of the Internal Revenue Code, is subject to Federal income tax. The Organization has been classified as an organization that is not a private foundation under IRC Section 509 (a).

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and 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.

Reclassification of Prior Year Presentation:

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Statement of Financial Position and Statements of Cash Flows for fiscal year ended June 30, 2019, to reclassify accrued liabilities to accounts payable in the amount of \$61,607. This change in classification does not affect previously reported cash flows from operating activities in the Statements of Cash Flows.

Subsequent events:

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

Note B-Pledges and grants receivable:

The Organization maintains grants with multiple government agencies to ensure services are provided to vulnerable populations. These grants are on a reimbursement basis and the outstanding amounts were \$28,431 and \$3,936 at June 30, 2020 and 2019, respectively. In 2019, the Organization was also completing a multi-year fundraising campaign and had related outstanding pledges receivable of \$33,900 at June 30, 2019.

Side By Side Brain Injury Clubhouse, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2020 and 2019

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Note C-Functional allocation of expenses:

Some expense categories are attributable to more than one activity and require allocation applied on a consistent basis. Leased employee and benefits expenses are allocated on the basis of time dedicated to each function. Depreciation is allocated based on estimated square footage. Other expenses are assigned directly to the specific activities.

Note D-Line of credit:

The Organization maintains a \$125,000 line of credit. At June 30, 2020 and 2019 there were no borrowings against the line. Subsequent to year-end, the line of credit was terminated and replaced with a \$250,000 line of credit which has not had any borrowings to date.

Note E-Liquidity:

The operations of the Organization are funded partially from income generated through its rehabilitation program with the remaining support generated from donor contributions and grants. The Organization's financial assets available within one year of the balance sheet date for general operating expenditures consisted of cash and cash equivalents of \$732,657 and \$506,887, member accounts receivable-net of \$39,409 and \$119,000, and pledges and grants receivable of \$28,737 and \$37,836 at June 30, 2020 and 2019, respectively. All receivables are expected to be collected within one year. Financial assets were held in a capital reserve account established by the Board of Directors for capital improvements in the amounts of \$187,768 and \$311,587 at June 30, 2020 and 2019, respectively.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization could draw upon its \$125,000 line of credit.

	2020	2019
Cash and cash equivalents	\$ 732,657	\$ 506,887
Accounts receivable-net	39,409	119,000
Pledges and grants receivable	28,737	37,836
	<u>800,803</u>	<u>663,723</u>
Less:		
Capital reserve fund	<u>(187,768)</u>	<u>(311,587)</u>
	<u>\$ 613,035</u>	<u>\$ 352,136</u>

Side By Side Brain Injury Clubhouse, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2020 and 2019

Note F-Net Assets:

Net assets without donor restrictions

At June 30, 2020, all net assets without donor restrictions are undesignated as to their use.

Net assets with donor restrictions

At June 30, 2020 the net assets with donor restrictions are available for use for the following:

	<u>2020</u>	<u>2019</u>
Capital purchases	\$ -	\$ 233,286
Paycheck Protection Program	150,478	-
Other	-	62
	<u>\$ 150,478</u>	<u>\$ 233,348</u>

Note G-Property and equipment-net:

Property and equipment-net at June 30, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 2,231,570	\$ 2,129,046
Land	100,000	100,000
Vehicles	46,534	66,107
Furniture and equipment	84,887	103,332
Construction in progress	931	-
Total	2,463,922	2,398,485
Less accumulated depreciation	<u>(853,559)</u>	<u>(797,780)</u>
Property and equipment-net	<u>\$ 1,610,363</u>	<u>\$ 1,600,705</u>

Depreciation expense related to property and equipment amounted to \$108,659 and \$75,847 for the years ended June 30, 2020 and 2019, respectively.

Side By Side Brain Injury Clubhouse, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2020 and 2019

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Note H-Public Health Emergency:

On March 13, 2020 the Organization was compelled to temporarily close the facility and suspend the traditional onsite program services due to the Public Health Emergency (PHE or “COVID-19”). On June 8, 2020 the facility was reopened to a small number of members and staff adhering to the PHE protocols and guidance. Due to the rise in local COVID-19 cases, the Organization closed again subsequent to year-end. During the periods of onsite program suspension, certain programming was conducted virtually however not all payor sources covered these emergency and other than traditional services.

Note I-Payroll Protection Program:

Due to the revenue decline and incremental costs caused by the PHE, the Organization participated in the Payroll Protection Program (PPP), a product within the Coronavirus Aid, Relief, and Economic Security Act and implemented through the U.S. Small Business Administration’s (SBA) 7(a) Loan Program. The Organization was awarded \$156,500 based on the program parameters and at June 30, 2020, had a balance of \$150,478 in Cash and Net Assets With Donor Restrictions. The entire amount was expended subsequent to year-end. The Organization has elected to record this program as Revenue With Donor Restrictions based on the most current SBA statements regarding forgiveness, the award amount, and the Organization’s use of the proceeds for eligible expenditures.