

**San Antonio Lifetime Recovery, Inc.**  
**dba**  
**Lifetime Recovery**

**Financial Statements**

**August 31, 2019 and 2018**



**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

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## **Independent Auditor's Report**

To the Board of Directors of  
Lifetime Recovery

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lifetime Recovery, Inc.(Lifetime Recovery)(a nonprofit organization), which comprise the statement of financial position as of August 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.

#### ***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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lifetime Recovery as of August 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.

## Independent Auditor's Report (Continued)

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### **Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from Lifetime Recovery's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of Lifetime Recovery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lifetime Recovery's internal control over financial reporting and compliance.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

December 2, 2019

## **Financial Statements**

**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

Statements of Financial Position  
August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,499,401	\$ 1,089,142
Accounts Receivable:		
Government Contracts	304,594	495,251
Current Portion of Pledges	35,926	27,500
Third Party Payers	96,261	27,806
Prepaid Expenses	35,017	33,874
Total Current Assets	<u>1,971,199</u>	<u>1,673,573</u>
Property and Equipment, net of accumulated depreciation and amortization	947,967	863,292
Long-term Portion of Pledges	46,166	30,800
Other Assets	500	500
<b>Total Assets</b>	<u>\$ 2,965,832</u>	<u>\$ 2,568,165</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts Payable	\$ 102,072	\$ 63,372
Accrued Liabilities	157,547	236,120
Notes Payable, Current Portion	10,099	9,728
Total Current Liabilities	<u>269,718</u>	<u>309,220</u>
Notes Payable, Long-Term Portion	5,841	15,910
<b>Total Liabilities</b>	<u>275,559</u>	<u>325,130</u>
<b>Net Assets:</b>		
Without Donor Restrictions:		
Board Designated - Prudent Reserve	400,000	250,000
Board Designated - Campus Expansion	50,000	50,000
Undesignated	1,403,730	1,500,509
Total Without Donor Restrictions	<u>1,853,730</u>	<u>1,800,509</u>
With Donor Restrictions	836,543	442,526
<b>Total Net Assets</b>	<u>2,690,273</u>	<u>2,243,035</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,965,832</u>	<u>\$ 2,568,165</u>

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

**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

Statement of Activities  
Year Ended August 31, 2019 (with Comparative Totals for the Year Ended August 31, 2018)

	2019			2018 Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
<b>Support and Revenues</b>				
United Way	\$ 213,914	\$ -	\$ 213,914	\$ 264,675
Texas Department of Health and Human Services Commission	2,454,866	-	2,454,866	2,367,774
Department of Family Protective Services	207,579	-	207,579	141,146
Drug Court	161,412	-	161,412	261,396
US Federal Probation and Pretrial	663,170	-	663,170	906,343
University Health System	7,610	-	7,610	-
Managed Care Fees	53,707	-	53,707	-
Medicaid	275,626	-	275,626	151,408
Aids Coalition	2,650	-	2,650	147,350
Private Pay Fees	87,878	-	87,878	76,306
Program - Co-Payments	111,925	-	111,925	107,857
Special Events, net of expenses of \$21,235 and \$27,737 in 2019 and 2018, respectively	79,737	3,500	83,237	59,914
Grant Income	131,643	450,180	581,823	147,896
Contributions	75,124	193,072	268,196	169,890
Miscellaneous	33,305	-	33,305	19,709
In-kind Contributions	110,731	-	110,731	193,166
Net Assets Released from Restrictions	252,735	(252,735)	-	-
<b>Total Support and Revenues</b>	<b>4,923,612</b>	<b>394,017</b>	<b>5,317,629</b>	<b>5,014,830</b>
<b>Expenses</b>				
Program Services	4,431,790	-	4,431,790	4,225,501
<b>Support Services:</b>				
Management and General	147,749	-	147,749	258,044
Fundraising	290,852	-	290,852	150,022
<b>Total Expenses</b>	<b>4,870,391</b>	<b>-</b>	<b>4,870,391</b>	<b>4,633,567</b>
<b>Change in Net Assets</b>	<b>53,221</b>	<b>394,017</b>	<b>447,238</b>	<b>381,263</b>
<b>Net Assets at Beginning of Year</b>	<b>1,800,509</b>	<b>442,526</b>	<b>2,243,035</b>	<b>1,861,772</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,853,730</b>	<b>\$ 836,543</b>	<b>\$ 2,690,273</b>	<b>\$ 2,243,035</b>

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

**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

**Statement of Functional Expenses  
Year Ended August 31, 2019 (with Comparative Totals for the Year Ended August 31, 2018)**

	Program Services	Support Services		2019 Totals	2018 Totals
		Management and General	Fundraising		
Salaries and Wages	\$ 2,537,711	\$ 43,057	\$ 148,457	\$ 2,729,225	\$ 2,586,536
Payroll Taxes & Worker's Compensation Expense	227,290	3,102	10,978	241,370	226,703
Total Salaries and Related Expenses	2,765,001	46,159	159,435	2,970,595	2,813,239
Auto and Truck	20,794	13	1	20,808	17,038
Bank Charges and Other Fees	556	1,667	354	2,577	2,727
Client Expense	286,415	322	10	286,747	274,776
Computer Expense	84,470	7,900	1,826	94,196	95,322
Contract Labor	18,214	100	78,591	96,905	2,500
Denied Claims	42,888	9,882	-	52,770	28,115
Dues and Subscriptions	8,907	992	99	9,998	15,063
Employee Benefits	368,250	6,510	12,100	386,860	345,758
Employee Miscellaneous Expenses	14,393	7,401	89	21,883	12,916
Equipment Rentals	19,593	1,961	218	21,772	27,008
Food	244,094	5	-	244,099	251,383
Gain (Loss) on Disposal	-	-	-	-	13,031
Goods and Services In-Kind	-	18,054	2,500	20,554	105,616
Insurance	33,287	3,333	370	36,990	31,634
Interest	740	74	8	822	1,164
Licenses and Permits	5,789	127	3	5,919	677
Marketing and Outreach	7,077	1,920	564	9,561	7,923
Meetings	5,820	10,608	3,801	20,229	10,909
Office Supplies	28,841	1,344	234	30,419	60,346
Postage	1,387	197	736	2,320	1,473
Printing	398	1,155	2,359	3,912	6,113
Professional Fees	19,264	1,927	991	22,182	17,749
Rent	127,032	1,837	204	129,073	117,190
Residential Rent In-Kind	90,177	-	-	90,177	87,550
Telephone	43,256	2,598	264	46,118	45,820
Training and Development	7,081	596	168	7,845	12,784
Travel	34,294	6,395	6,629	47,318	40,874
Utilities	86,711	-	-	86,711	70,028
Total Expenses before Depreciation and Amortization	4,364,729	133,077	271,554	4,769,360	4,516,726
Depreciation and Amortization	67,061	14,672	19,298	101,031	116,841
<b>Total Expenses</b>	<b>\$ 4,431,790</b>	<b>\$ 147,749</b>	<b>\$ 290,852</b>	<b>\$ 4,870,391</b>	<b>\$ 4,633,567</b>

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



**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

Statements of Cash Flows  
Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 447,238	\$ 381,263
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	101,031	116,841
Loss on Disposal of Property and Equipment		13,031
(Increase) Decrease in:		
Government Contracts	190,657	(173,992)
Third Party Payers	(68,455)	(16,015)
Pledges and Contributions	(23,792)	181,700
Prepaid Expenses	(1,143)	(2,139)
Other Assets		6,607
Increase (Decrease) in:		
Accounts Payable	38,700	(7,116)
Accrued Liabilities	(78,573)	43,268
Deferred Revenue	-	(4,500)
<b>Net Cash Provided by Operating Activities</b>	<u>605,663</u>	<u>538,948</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Property and Equipment	(17,411)	(988)
Construction in Progress	(168,295)	(222,544)
<b>Net Cash Used by Investing Activities</b>	<u>(185,706)</u>	<u>(223,532)</u>
<b>Cash Flows From Financing Activities:</b>		
Payments on Notes Payable	(9,698)	(9,355)
<b>Net Cash Used by Financing Activities</b>	<u>(9,698)</u>	<u>(9,355)</u>
<b>Net Increase in Cash</b>	<b>410,259</b>	<b>306,061</b>
Cash and Cash Equivalents, Beginning of Year	<u>1,089,142</u>	<u>783,081</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,499,401</u>	<u>\$ 1,089,142</u>
<b>Supplemental Disclosures:</b>		
Interest Paid	<u>\$ 822</u>	<u>\$ 1,164</u>

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

**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

Notes to Financial Statements  
August 31, 2019 and 2018

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**Note A: Nature of Organization**

San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (the Organization) is a nonprofit organization located in San Antonio, Texas that was established in 1963. The Organization is changing lives through comprehensive treatment of substance abuse disorder in San Antonio, Texas and South Texas. The organization provides residential treatment and outpatient services.

The specific program and services that the Organization provides include:

- Residential Services - Clients live on-site while being closely supervised. The Organization provides medical and mental health assessments, treatment for dual dependencies, individual and group counseling, addiction and recovery education, family counseling, extensive case management, parenting discussions, trauma counseling, anger resolution, art activities, recovery planning, and peer support.
- Outpatient Services - Outpatient programs are designed for clients who are in need of treatment, but who also have the skills and support to recover without the need of inpatient care. Clients live off-site and attend group and individual sessions on-site.

**Note B: 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 Organizations 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.

***Fair Value of Financial Instruments***

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

**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

Notes to Financial Statements  
August 31, 2019 and 2018

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**Note B: Summary of Accounting Principles (Continued)**

***Methods Used for Allocation of Expenses among Program and Support Services***

The financial statements of the Organization report categories of expenses that are attributed to more than one program or support function. These expenses require allocation on a reasonable basis that is consistently applied. Below are the methods employed by the Organization to allocate these expenses during 2019:

- *Personnel Costs:* All Organization employees except those whose work is primarily fundraising are funded by at least one grant, and several are funded by more than one grant. Personnel line items in grant budgets list job titles and FTEs. The Organization has a salary allocation identified with each employee which allocates the wages based on a census of individuals served in the Residential and Outpatient facilities. The allocation is updated monthly and identifies the portion going to each funding source and program. This allocation is calculated within the Accounting System during the transfer of Payroll to the General Ledger. Training costs may be allocated according to an employee's individual allocation or may be charged directly to a single grantor, as appropriate.
- *Fringe benefits (FICA, UC, and Worker's Compensation):* are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life & disability and other fringe benefits are also allocated in the same manner as salaries and wages. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages. The Bi-Weekly Time and Activity Reports are completed by staff and utilized to determine actual time and effort on federally supported grants and projects for payroll.
- *Office Expenses:* Most office expenses (rent, telephone, information technology, copier rental, supplies, postage) are allocated based upon FTEs. For some line items, there is a mix of allocated joint costs and identifiable costs attributable to a specific service. For example, technology upgrades are occasionally funded by a single source.
- *Direct Service Expenses:* Costs are allocated either directly to the grant if the expense is grant specific, otherwise utilization rates are applied to allocate a percentage of the expense; the approach used may differ from line to line. In the event an expense is not grant related or suitable for the utilization methodology, the expense will be allocated to administrative expenses.
- *Admin Expenses:* Some expenses that are classified as administrative expenses for management purposes relate directly to program activities and are therefore eligible expenses under some grants. These include accounting services and some types of insurance. The utilization methodology is applied to these types of expenses where applicable. Many expenses in the administrative category, such as fundraising expenses or directors' and officers' liability insurance, are not eligible for the utilization methodology and therefore are 100% administrative expenses

***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.

***Cash and Cash Equivalents***

For purposes of reporting cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

Notes to Financial Statements  
August 31, 2019 and 2018

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**Note B: Summary of Accounting Principles (Continued)**

***Government Contracts Receivable***

All government contracts receivable are carried at the original invoice amount, less an allowance made for impairment of these receivables. Governmental contracts which are included in receivables are individually analyzed for purposes of determining collectability. At August 31, 2019 and 2018, no allowance has been determined, as all contracts are considered fully collectible.

***Property and Equipment***

The Organization capitalizes all expenditures for property and equipment in excess of \$2,500 and have an estimated useful life of 3 years or more. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Building and Building Improvements	5 to 20 years
Furniture and Fixtures	5 to 10 years
Computer Software/Equipment	3 to 5 years
Vehicles	3 years

***Impairment of Long-Lived Assets***

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing the assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. The Organization did not recognize an impairment loss during the years ended August 31, 2019 or 2018.

***Contributions and Grants***

Contributions and grants received are 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.

***In-Kind Contributions***

Donated facilities, goods and services are valued based on their estimated fair market value on the date of contribution (see **Note I**).

**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

Notes to Financial Statements  
August 31, 2019 and 2018

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**Note B: Summary of Accounting Principles (Continued)**

***Federal Income Taxes***

The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Contributions to the Organization are deductible to the extent allowed by law. Management of the Organization believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. 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 August 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.

***Local Match Funds***

The Texas Health and Human Services Commission program requires the Organization to contribute an amount equal to at least 5% of its funded contract expenses in matching funds or in-kind contributions from sources eligible to be used for matching purposes. Matching funds are generated from in-kind rental contributions and other local sources of revenue which are recorded as support in the accompanying Statement of Activities.

***Compensated Absences***

Vacation leave may be accrued up to the maximum amount of 240 hours for employees with more than 5 years of service and 180 hours for employees with less than 5 years of service. Accrued vacation leave at August 31, 2019 and 2018 amounted to **\$105,780** and \$106,195, respectively and is included with accrued liabilities on the Statements of Financial Position.

***Accrued Wages Payable***

The Organization has a bi-weekly pay period policy for personnel to be compensated. Based on this policy, wages payables were accrued at August 31, 2019 and 2018 in the amounts of **\$49,432** and \$127,257 respectively and is included with accrued liabilities on the Statements of 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, FASB issued 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 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.

**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
August 31, 2019 and 2018

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**Note B: Summary of Accounting Principles (Continued)**

***New Accounting Pronouncements (Continued)***

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 C: Pledges and Contributions**

In the fiscal years ending August 31, 2019 and 2018, the Organization received pledges intended to provide support for its current capital expansion project, collections of which will subsequently extend over multiple successive years. Pledges receivable are recognized when the donor makes a promise to give to the Organization. No discount to present values has been recorded on the pledges due to the insignificance of the discount involved. Future payments will be received as follows:

2020	\$	35,926
2021		27,334
2022		18,832
2023		-
2024		-
Thereafter		-
	\$	<u>82,092</u>

**Note D: Property and Equipment**

Property and Equipment, net of accumulated depreciation and amortization at August 31 is summarized as follows:

	<u>2019</u>	<u>2018</u>
Building and Improvements	\$ 453,576	\$ 436,164
Vehicles	58,812	58,812
Construction in Progress	910,974	742,679
Computer Software/Equipment	130,533	130,533
Furniture and Fixtures	138,917	140,234
Total Property and Equipment	<u>1,692,812</u>	<u>1,508,422</u>
Less: Accumulated Depreciation and Amortization	<u>(744,845)</u>	<u>(645,130)</u>
Property and Equipment, net of accumulated depreciation and amortization	<u>\$ 947,967</u>	<u>\$ 863,292</u>

Depreciation and Amortization expense for the years ended August 31, 2019 and 2018 was **\$101,031** and **\$116,841**, respectively.

**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
August 31, 2019 and 2018

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**Note E: Long-Term Debt**

***Line of Credit***

The Organization maintains a line of credit with Frost Bank in the amount of \$200,000. As of August 31, 2019, no amount had been drawn on the line of credit.

***Notes Payable***

In 2016, the Organization entered into promissory notes with Amegy Bank in the amount of \$26,035 and \$21,808 for purchase of vehicle. The \$26,035 note payable matures on April 28, 2021 and bears a fixed interest rate of 3.74%. The \$21,808 note payable matures on July 5, 2021 and bears a fixed interest rate of 3.74%. The total balance of the notes payable at August 31, 2019 and 2018 was **\$15,940** and \$25,638, respectively.

Future maturities of notes payable at August 31, 2019 are as follows:

2020	\$	10,099
2021		5,841
2022		-
2023		-
2024		-
Thereafter		-
		<hr/>
	\$	<u>15,940</u>

**Note F: Concentrations**

***Credit Risk of Financial Instruments***

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of its cash balances held at its financial institution. The Organization maintains five bank accounts at one institution in San Antonio, Texas. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At August 31, 2019 and 2018, the Organization's cash balance at its financial institution exceeded the insured FDIC limit by **\$1,249,101** and \$838,842, 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.

***Support and Revenues***

The Organization received approximately **70%** and 79% of total support and revenues from government contracts related funding in 2019 and 2018, respectively. The loss of funding from these contracts could reduce the Organization's ability to achieve its objectives.

**San Antonio Lifetime Recovery, Inc.  
dba Lifetime Recovery**

Notes to Financial Statements  
August 31, 2019 and 2018

**Note F: Concentrations (Continued)**

**Support and Revenues (Continued)**

Government Grants revenue at August 31 is summarized as follows:

Grant Name	Grant Source	2019	
		Amount	Percent of Total Support and Revenue
Texas Department of HHSC	Federal	\$ 2,454,866	46%
US Federal Probation and Pretrial	Federal	663,170	12%
Department of Family Protective Services	State	207,579	4%
Drug Court	Federal	161,412	3%
Medicaid	Federal	275,626	5%
Aids Coalition	Federal	2,650	0%
Total Government Grants		<u>\$ 3,765,303</u>	<u>70%</u>

Grant Name	Grant Source	2018	
		Amount	Percent of Total Support and Revenue
Texas Department of HHSC	Federal	\$ 2,367,774	47%
US Federal Probation and Pretrial	Federal	906,343	18%
Department of Family Protective Services	State	141,146	3%
Drug Court	Federal	261,396	5%
Medicaid	Federal	151,408	3%
Aids Coalition	Federal	147,350	3%
Total Government Grants		<u>\$ 3,975,417</u>	<u>79%</u>

**Note G: Net Assets**

Without Donor Restrictions consisted of the following at December 31:

	2019	2018
Undesignated Funds	\$ 1,403,730	\$ 1,500,509
Board Designated for Operations		
Prudent Reserve	400,000	250,000
Campus Expansion	50,000	50,000
Total Without Donor Restrictions	<u>\$ 1,853,730</u>	<u>\$ 1,800,509</u>



**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
August 31, 2019 and 2018

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**Note G: Net Assets (Continued)**

***With Donor Restrictions***

With Donor Restrictions consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Restricted by Time or Purpose		
Campus Expansion	\$ <u>836,543</u>	\$ <u>442,526</u>
Total With Donor Restrictions	\$ <u>836,543</u>	\$ <u>442,526</u>

**Note H: Leases**

The Organization has a rent-free lease on real property it uses for its residential treatment facilities on Southton Road, San Antonio, Texas. The term of the property lease is for a forty year period and ends on December 31, 2054. (See **Note I**)

The Organization entered into a lease agreement for office space with an effective date of February 1, 2018 and expires on January 1, 2023. The amount of total rent expense related to these leases for the years ended August 31, 2019 and 2018 was **\$129,073** and \$117,190, respectively.

The Organization entered into a lease agreement for IT services with an effective date of November 5, 2018 and expires on November 5, 2021. The amount of total computer expense related to the lease for the years ended August 31, 2019 and 2018 was **\$94,196** and \$95,322, respectively.

Future minimum payments due under non-cancellable operating lease agreements at August 31, 2019 are summarized as follows:

2020	\$ 151,146
2021	142,443
2022	98,928
2023	8,244
2024	<u>-</u>
Total	\$ <u>400,761</u>

**Note I: In-Kind Contribution**

***Facilities***

The Organization has a rent-free lease with Bexar County for real property it uses for its residential treatment facility on Southton Road. Management has determined that the fair market value of this in-kind contribution to be **\$90,177** and \$87,550 for the fiscal years 2019 and 2018, respectively. The donated facility has been recognized in the Statement of Activities as Residential Rent In-Kind for the years ended August 31, 2019 and 2018, respectively.

**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
August 31, 2019 and 2018

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**Note I: In-Kind Contribution (Continued)**

***Goods and Services***

Throughout the year the Organization receives donated goods and services mainly related to managed services and web exchange hosting. Accordingly, **\$20,554** and \$105,616 of donated goods and services has been recognized in the Statement of Activities as Goods and Services In-Kind for the years ended August 31, 2019 and 2018, respectively.

**Note J: Pension Plan**

The Organization established a defined contribution pension plan, which is available to all full time employees who satisfy the service requirements. A formula has been established whereby employee contributions are matched by the Organization up to a maximum of 3% of the employee's plan contributions. Employer contributions, which are reported as an expense of the Organization in the financial statements for the fiscal years 2019 and 2018, amounted to **\$74,551** and \$68,496, respectively.

**Note K: Risk Management**

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For all such risks, the Organization has purchased insurance in varying amounts to mitigate the risk of loss.

**Note L: Commitments and Contingencies**

The Organization participates in several state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Note M: Subsequent Events**

Subsequent events have been evaluated through December 2, 2019, which is the date the financial statements were available to be issued.