

San Antonio Lifetime Recovery, Inc.
dba
Lifetime Recovery

Financial Statements

August 31, 2022 and 2021



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

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	4
Statement of Activities (with Comparative Totals)	5
Statement of Functional Expenses (with Comparative Totals)	6
Statements of Cash Flows	7
Notes to Financial Statements	8
Compliance Report	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs	25



Independent Auditor's Report

To the Board of Directors of
San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery

Opinion

We have audited the accompanying financial statements of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (Lifetime Recovery)(a nonprofit organization), which comprise the statement of financial position as of August 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery as of August 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditor's Report (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived except as noted in the Emphasis of Matter paragraph.

Emphasis of Matter

As described in Note O, the financial statements for the year ended August 31, 2021 have been restated with no impact to net assets as of August 31, 2021.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards included in our federal report on page 23 of our attached Compliance Report dated November 29, 2022, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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.

Independent Auditor's Report (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our Compliance Report dated November 29, 2022, on our consideration of San Antonio Lifetime Recovery, Inc. dba 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 solely 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 the effectiveness of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's 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 San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's internal control over financial reporting and compliance.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

November 29, 2022

Financial Statements

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

Statements of Financial Position
August 31, 2022 and 2021 (restated)

	<u>2022</u>	<u>2021 Restated</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 1,616,307	\$ 1,342,819
Accounts Receivable:		
Government Contracts	594,014	747,287
Current Portion of Pledges	79,792	1,050,761
Third Party Payers	3,087,952	61,796
Prepaid Expenses	103,123	27,705
Total Current Assets	<u>5,481,188</u>	<u>3,230,368</u>
Property and Equipment, net of accumulated depreciation and amortization	8,030,247	4,447,625
Long-term Portion of Pledges	25,000	93,263
Other Assets	-	8,532
Total Assets	<u>\$ 13,536,435</u>	<u>\$ 7,779,788</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 384,155	\$ 570,180
Accrued Payroll Liabilities	271,300	265,750
Retainage Payable	241,194	-
Accrued Construction Loan Interest	2,552	-
Construction Loan Payable	1,512,681	-
Accrued Economic Injury Disaster Loan (EIDL) Interest	8,544	4,419
EIDL Loan Payable, Current Portion of Principal	2,095	-
Total Current Liabilities	<u>2,422,521</u>	<u>840,349</u>
EIDL Loan Payable, Long-Term Portion	147,905	150,000
Total Liabilities	<u>2,570,426</u>	<u>990,349</u>
Net Assets:		
Without Donor Restrictions:		
Board Designated - Prudent Reserve	500,000	350,000
Undesignated	9,911,217	4,945,415
Total Without Donor Restrictions	<u>10,411,217</u>	<u>5,295,415</u>
With Donor Restrictions	554,792	1,494,024
Total Net Assets	<u>10,966,009</u>	<u>6,789,439</u>
Total Liabilities and Net Assets	<u>\$ 13,536,435</u>	<u>\$ 7,779,788</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, 2022 (with Comparative Totals for the Year Ended August 31, 2021)

	2022		Totals	2021 Totals
	Without Donor Restrictions	With Donor Restrictions		
Support and Revenues				
Support				
Bexar County - American Rescue Plan Act Grant	\$ 3,032,886	\$ -	\$ 3,032,886	\$ -
Grant Income	679,319	100,000	779,319	2,225,109
United Way	184,395	-	184,395	168,547
Contributions	182,212	-	182,212	125,664
Program Income				
Texas Department of Health and Human Services Commission (HHSC)	2,067,401	-	2,067,401	1,306,443
US Federal Probation and Pretrial	1,333,126	-	1,333,126	841,078
Drug Treatment Court Program Fees	1,096,078	-	1,096,078	1,639,236
Medicaid Fees	235,790	-	235,790	394,516
Department of Family Protective Services	204,375	-	204,375	491,959
Coronavirus Relief Fund	-	-	-	90,000
University Health System	2,685	-	2,685	7,625
Managed Care Fees	-	-	-	6,117
Private Pay Fees	15,000	-	15,000	33,090
Other Program Services	491,380	-	491,380	160,725
Revenues				
Contributed Nonfinancial Assets	110,979	-	110,979	95,668
Miscellaneous	18,738	-	18,738	25,545
Special Events, net of expenses of \$19,765 and \$0 in 2022 and 2021, respectively	67,461	-	67,461	-
Gain on Extinguishment of Debt - Paycheck Protection Program (PPP) Loan Forgiveness	-	-	-	598,400
Net Assets Released from Restrictions	1,039,232	(1,039,232)	-	-
Total Support and Revenues	10,761,057	(939,232)	9,821,825	8,209,722
Expenses				
Program Services	5,194,421	-	5,194,421	4,794,024
Support Services:				
Management and General	258,948	-	258,948	269,692
Fundraising	191,886	-	191,886	174,327
Total Expenses	5,645,255	-	5,645,255	5,238,043
Change in Net Assets	5,115,802	(939,232)	4,176,570	2,971,679
Net Assets at Beginning of Year, Restated	5,295,415	1,494,024	6,789,439	3,817,760
Net Assets at End of Year	\$ 10,411,217	\$ 554,792	\$ 10,966,009	\$ 6,789,439

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, 2022 (with Comparative Totals for the Year Ended August 31, 2021)

	Program Services	Support Services		2022 Totals	2021 Totals
		Management and General	Fundraising		
Salaries and Wages	\$ 2,953,863	\$ 58,671	\$ 125,106	\$ 3,137,640	\$ 3,033,604
Payroll Taxes and Worker's Compensation Expense	207,241	48,170	10,336	265,747	278,625
Total Salaries and Related Expenses	3,161,104	106,841	135,442	3,403,387	3,312,229
Auto and Truck	24,630	177	-	24,807	15,119
Bank Charges and Other Fees	3,441	1,723	35	5,199	6,720
Client Expense	269,441	6	-	269,447	286,025
Computer Expense	120,837	-	-	120,837	123,803
Contract Labor	22,388	29	3	22,420	44,742
Denied Claims	30,818	-	-	30,818	14,458
Dues and Subscriptions	16,343	1,501	495	18,339	13,318
Employee Benefits	305,948	74,288	15,265	395,501	393,866
Employee Miscellaneous Expenses	20,376	4,127	215	24,718	12,899
Equipment	59,989	4,764	529	65,282	31,710
Food	324,573	-	-	324,573	275,988
Insurance	65,376	6,538	726	72,640	49,414
Interest	-	4,125	-	4,125	2,970
Licenses and Permits	1,200	-	-	1,200	6,291
Marketing and Outreach	19,799	3,803	3,409	27,011	24,527
Meetings	3,201	8,673	593	12,467	8,496
Office Supplies	36,101	3,940	692	40,733	32,689
Postage	1,090	149	424	1,663	2,250
Printing	333	33	2,187	2,553	2,071
Professional Fees	84,129	8,321	-	92,450	67,388
Contributed Nonfinancial Assets - Professional Fees	141	-	-	141	-
Rent	127,247	2,814	312	130,373	130,373
Repair and Maintenance	2,677	-	-	2,677	-
Contributed Nonfinancial Assets - Residential Rent	98,538	-	-	98,538	95,668
Telephone	38,229	3,369	220	41,818	46,122
Training and Development	10,444	316	500	11,260	14,196
Travel	19,218	8,069	141	27,428	44,870
Utilities	133,204	-	-	133,204	79,332
Total Expenses before Depreciation and Amortization	5,000,815	243,606	161,188	5,405,609	5,137,534
Depreciation and Amortization	193,606	15,342	30,698	239,646	100,509
Total Expenses	\$ 5,194,421	\$ 258,948	\$ 191,886	\$ 5,645,255	\$ 5,238,043

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

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

Statements of Cash Flow
Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 4,176,570	\$ 2,971,679
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	239,646	100,509
Loss on Disposal of Vehicle	-	22,592
Gain on Extinguishment of Debt - PPP Loan Forgiveness	-	(598,400)
(Increase) Decrease in:		
Government Contracts Receivable	153,273	(376,609)
Third Party Payers Receivable	(3,026,156)	(12,449)
Pledges and Contributions Receivable	1,039,232	(1,060,201)
Prepaid Expenses	(75,418)	2,333
Other Assets	8,532	-
Increase (Decrease) in:		
Accounts Payable	(186,025)	505,908
Accrued Payroll Liabilities	5,550	18,149
Retainage Payable	241,194	-
Accrued Construction Loan Interest	2,552	-
Accrued PPP Loan Interest	-	(1,247)
Accrued EIDL Loan Interest	4,125	4,419
Net Cash Provided by Operating Activities	<u>2,583,075</u>	<u>1,576,683</u>
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	(38,423)	(72,430)
Construction in Progress	(3,783,845)	(3,424,707)
Net Cash Used by Investing Activities	<u>(3,822,268)</u>	<u>(3,497,137)</u>
Cash Flows From Financing Activities:		
Proceeds from Construction Loan	1,512,681	-
Payments on Notes Payable	-	(5,426)
Net Cash Provided (Used) by Financing Activities	<u>1,512,681</u>	<u>(5,426)</u>
Net Increase in Cash	273,488	(1,925,880)
Cash and Cash Equivalents, Beginning of Year	<u>1,342,819</u>	<u>3,268,699</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,616,307</u>	<u>\$ 1,342,819</u>
Supplemental Disclosures:		
Non-Cash Investing Activities:		
Donated Vehicle	\$ <u>12,300</u>	\$ <u>-</u>
Interest Paid	\$ <u>28,017</u>	\$ <u>2,970</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, 2022 and 2021

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, 2022 and 2021

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:

- *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, 2022 and 2021

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, 2022 and 2021, 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

Land and Construction in Progress are not depreciated.

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, 2022 or 2021.

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.

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

Notes to Financial Statements
August 31, 2022 and 2021

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, 2022 and 2021. 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.

Prepaid Expenses

Prepaid expenses are recorded when paid and expensed in the period the good or service is received.

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, 2022 and 2021 amounted to **\$93,833** and \$143,039, respectively and is included within Accrued Payroll 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, 2022 and 2021 in the amounts of **\$133,883** and \$80,205 respectively and is included within Accrued Payroll Liabilities on the Statements of Financial Position.

New Accounting Pronouncements

Adopted during 2022

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Refer to **Note K**.

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

Notes to Financial Statements
August 31, 2022 and 2021

Note B: Summary of Accounting Principles (Continued)

New Accounting Pronouncements (Continued)

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. 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 of the organization 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.

Note C: Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets at August 31, 2022 and 2021 available to meet general expenditures over the next twelve months:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and Cash Equivalents	\$ 1,616,307	\$ 1,342,819
Accounts Receivable		
Government Contracts	594,014	747,287
Pledges Receivable	104,792	1,144,024
Third Party Payers	3,087,952	61,796
Total financial assets	<u>5,403,065</u>	<u>3,295,926</u>
Less those unavailable for general expenditures within one year, due to:		
Net assets restricted at year end	554,792	1,494,024
Debt payments due next year	1,514,776	-
Less net assets with timing restrictions to be met in less than one year	-	-
	<u>2,069,568</u>	<u>1,494,024</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,333,497</u>	<u>\$ 1,801,902</u>

Note D: COVID-19 Risk and Uncertainty

Certain current economic events have arisen which could impact the Organization's ongoing operations. As a result of the COVID-19 pandemic, mandated and voluntary closings have caused various business and supply chain disruptions which have an indeterminate duration. Additionally, the effects of economic stimulus programs and U.S. Federal Reserve actions remain uncertain. These matters could impact numerous facets of the business environment including interest rates, inflation, and the availability of goods, capital, and labor. Any related financial impact cannot be reasonably estimated at this time.

San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery

Notes to Financial Statements
August 31, 2022 and 2021

Note E: Pledges and Contributions

In the fiscal years ending August 31, 2022 and 2021, 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.

Pledges receivable consist of the following at August 31:

	<u>2022</u>	<u>2021</u>
Gross Pledges Receivable	\$ 104,792	\$ 1,144,024
Less: Discount on Net Present Value	<u>-</u>	<u>-</u>
Net Pledges Receivable	<u>104,792</u>	<u>1,144,024</u>
Amounts due in:		
Less than one year	\$ 79,792	\$ 1,050,761
One to five years	25,000	93,263
Total Amount Due	<u>104,792</u>	<u>1,144,024</u>

Note F: Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Building and Improvements	\$ 4,878,643	\$ 438,988
Vehicles	108,304	124,125
Construction in Progress	3,327,676	4,540,043
Computer Software and Equipment	23,742	62,733
Furniture and Fixtures	378,064	120,925
Total Property and Equipment	<u>8,716,429</u>	<u>5,286,814</u>
Less: Accumulated Depreciation and Amortization	<u>(686,182)</u>	<u>(839,188)</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 8,030,247</u>	<u>\$ 4,447,626</u>

Depreciation and Amortization expense for the years ended August 31, 2022 and 2021 was **\$239,646** and \$100,509, respectively. In addition, Phase I of the campus expansion project was completed during 2022, resulting in a decrease in Construction in Progress and an increase in Buildings and Improvements as of year end.

Note G: Long-Term Debt

Operating Line of Credit

The Organization renewed their line of credit with Frost Bank in the amount of \$200,000 on October 20, 2021. The line of credit matured on October 19, 2022 and was extended; it matures on September 25, 2023. The line of credit bears a variable interest rate of prime plus 0.75%, which was 6.25% at August 31, 2022. As of August 31, 2022 and 2021, no amount had been drawn on the line of credit.

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

Notes to Financial Statements
August 31, 2022 and 2021

Note G: Long-Term Debt (Continued)

Construction Line of Credit

The Organization increased its revolving line of credit with Frost Bank to the amount of \$3,000,000 on June 22, 2022. The line of credit matures on June 21, 2023 and bears a variable interest rate of prime plus 1.25%, which was 6.75% at August 31, 2022. As of August 31, 2022, the amount of \$1,512,681 had been drawn on the line of credit and accrued interest of \$2,552.

Paycheck Protection Program Loan

On April 6, 2021, the Organization was granted 100% forgiveness on the \$598,400 PPP loan and was legally released from the loan obligation. The Organization has recognized \$598,400 and \$1,247 of interest as Gain on Extinguishment of Debt – PPP Loan Forgiveness in the Statement of Activities for the year ended August 31, 2021.

Economic Injury Disaster Loan

The Organization received an Economic Injury Disaster Loan (EIDL) in the amount of \$150,000 on August 5, 2020. The loan matures on August 5, 2051 and bears a fixed interest rate of 2.75%. Originally this loan had a 12-month deferment period. However, on March 15, 2022 the SBA extended the deferment period from 12-months to 30-months for all disaster loans made in calendar year 2020, including COVID-19 EIDL. Monthly payments of \$641 will begin on February 5, 2023. The Organization did not receive any EIDL advances since the SBA discontinued making advances to new applicants in July 2020. The Organization used the entire loan proceeds for qualifying expenses.

Future maturities of EIDL loan payable at August 31 are as follows:

2023	\$	2,095
2024		3,671
2025		3,773
2026		3,878
2027		3,986
Thereafter		132,597
	\$	<u>150,000</u>

Note H: 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 four 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, 2022 and 2021, the Organization's cash balance at its financial institution exceeded the insured FDIC limit by **\$256,936** and \$13,768, 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.

The Organization has a money market account that is protected by pledged collateral. The balance was **\$1,109,071** and \$1,079,052 at August 31, 2022 and 2021, respectively.

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

Notes to Financial Statements
August 31, 2022 and 2021

Note H: Concentrations (Continued)

Support and Revenue

The Organization received approximately **81%** and 58% of total support and revenues from government grants and contracts related funding in 2022 and 2021, respectively. The loss of funding from these grants or contracts could reduce the Organization's ability to achieve its objectives.

Government grants and contracts at August 31 is summarized as follows:

Source	Type	2022	
		Amount	Percent of Total Support and Revenue
Texas Department of Health and Human Services Commission	Federal	\$ 2,067,401	21%
US Federal Probation and Pretrial	Federal	1,333,126	14%
Department of Family Protective Services	State	204,375	2%
Drug Treatment Court Program Fees	Local	1,096,078	11%
Medicaid Fees	Federal	235,790	2%
Bexar County - American Rescue Plan Act Grant	Federal	3,032,886	31%
Total Government grants and contracts		\$ 7,969,656	81%

Source	Type	2021	
		Amount	Percent of Total Support and Revenue
Texas Department of Health and Human Services	Federal	\$ 1,306,443	16%
US Federal Probation and Pretrial	Federal	841,078	10%
Department of Family Protective Services	State	491,959	6%
Drug Treatment Court Program Fees	Local/Federal	1,639,236	20%
Corona Virus Relief Fund	Federal	90,000	1%
Medicaid Fees	Federal	394,516	5%
Total Government grants and contracts		\$ 4,763,232	58%

Note I: Net Assets

With Donor Restrictions

With Donor Restrictions consisted of the following at August 31:

	2022	2021
Restricted by Purpose:		
Campus Expansion	\$ 554,792	\$ 1,494,024
Total Net Assets With Donor Restrictions	\$ 554,792	\$ 1,494,024

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

Notes to Financial Statements
August 31, 2022 and 2021

Note J: 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 K**)

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, 2022 and 2021 was **\$130,373** and \$130,373, respectively.

The Organization entered into a lease agreement for IT services with an effective date of September 6, 2021 and expires on September 6, 2024. The amount of total expense related to the lease for the years ended August 31, 2022 and 2021 was **\$48,879** and \$52,218, respectively, and is included in Computer Expense on the Statement of Functional Expenses.

Future minimum payments due under non-cancellable operating lease agreements at August 31, 2022 are summarized as follows:

2023	\$	80,373
2024		54,980
Thereafter		<u>-</u>
Total	\$	<u>135,353</u>

Note K: Contributed Nonfinancial Assets

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 the facilities is estimated to be **\$98,538** and \$95,668 for the fiscal years 2022 and 2021, respectively. The donated facility has been recognized in the Statement of Functional Expenses as Contributed Nonfinancial Assets – Residential Rent.

Goods and Services

Throughout the year the Organization receives donated goods and services mainly related to managed services and web exchange hosting. Accordingly, **\$141** and \$0 of donated goods and services has been recognized in the Statement of Functional Expenses as Contributed Nonfinancial Assets – Professional Fees.

In 2022, the Organization received a donated vehicle valued at \$12,300 which is included in Property and Equipment in the Statement of Financial Position.

Note L: Pension Plan

The Organization established a defined contribution pension plan, which is available to both full time and part 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 2022 and 2021, amounted to **\$72,102** and \$77,268, respectively.

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

Notes to Financial Statements
August 31, 2022 and 2021

Note M: 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 N: 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.

The Organization entered a construction contract for Phase II of the Campus Expansion project in October 2021 in the amount of \$3,435,436. The amount expended is \$2,634,168 and the remaining commitment is \$801,268 as of August 31, 2022.

Note O: Restatement

During 2022, additional information was obtained, and Lifetime Recovery determined campus expansion funds totaling \$350,000 had not met the purpose of restriction during 2021, therefore, should have been recorded in Net Assets With Donor Restrictions at August 31, 2021. The impact of the restatement was an increase in Net Assets With Donor Restriction and a decrease in Net Assets Without Donor Restriction. The impact to net assets was zero at August 31, 2021.

Note P: Subsequent Events

Subsequent events have been evaluated through November 29, 2022, which is the date the financial statements were available to be issued.

Compliance Report

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors of
San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery

We have audited, in accordance with the 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, the financial statements of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (Lifetime Recovery) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lifetime Recovery's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lifetime Recovery's internal control. Accordingly, we do not express an opinion on the effectiveness of Lifetime Recovery's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lifetime Recovery's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* (Continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Schrive, Carmona & Company, PLLC

San Antonio, Texas

November 29, 2022

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

To the Board of Directors of
San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (Lifetime Recovery) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lifetime Recovery's major federal programs for the year ended August 31, 2022. Lifetime Recovery's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lifetime Recovery complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance Section of our report.

We are required to be independent of Lifetime Recovery and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lifetime Recovery's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lifetime Recovery's federal programs.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lifetime Recovery's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lifetime Recovery's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lifetime Recovery's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lifetime Recovery's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lifetime Recovery's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance (Continued)**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

November 29, 2022

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

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2022

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>ALN Number</u>	<u>Pass Through Grant ID Number</u>	<u>Federal Grant Expended During the Year</u>
<i>U.S. Department of Health and Human Services</i>			
<i>Pass through the Texas Health and Human Services Commission</i>			
<u>Block Grants for Prevention and Treatment of Substance Abuse</u>			
Treatment Services - Adult	93.959	HHS000663700069	\$ 1,867,401
Recovery Support Services for Treatment Organizations	93.959	HHS000130500016	200,000
Texas Medicaid Program	93.778	2146888-01	<u>122,190</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>2,189,591</u>
<i>U.S. Department of the Treasury</i>			
<i>Passed through the County of Bexar, Texas</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	364054 / SLFRP 1970	<u>3,032,886</u>
<i>Total U.S. Department of the Treasury</i>			<u>3,032,886</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,222,477</u>

See Notes to Schedule of Expenditure of Federal Awards.

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

Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2022

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (Lifetime Recovery) under programs of the federal government for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of Lifetime Recovery, it is not intended, and does not, present the financial position, changes in net assets or cash flows of Lifetime Recovery. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

All of Lifetime Recovery's federal awards were in the form of cash assistance for the year ended August 31, 2022.

Note B: Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Lifetime Recovery has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note C: Reconciliation to Statement of Activities in Financial Statements

Total Expenditures of Federal Awards	\$	5,222,477
Other Government Contracts		2,747,179
Total Government Contracts	\$	<u>7,969,656</u>

Government Contracts per the Statement of Activities include the following:

Bexar County - American Rescue Plan Act Grant	\$	3,032,886
Texas Department of Health and Human Services Commission (HHSC)		2,067,401
US Federal Probation and Pretrial		1,333,126
Drug Court - Bexar County		1,096,078
Medicaid Fees		235,790
Department of Family Protective Services		204,375
Total Government Contracts	\$	<u>7,969,656</u>

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

Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to the financial statements?	No

Federal Awards

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516?	No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS None

SECTION III - FEDERAL AWARD FINDINGS None