San Antonio Lifetime Recovery, Inc.
dba
Lifetime Recovery

Financial Statements
and Compliance Reports

August 31, 2023 and 2022

SCHRIVER CARMONA
Certified Public Accountants

San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

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, 2023 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 Lifetime Recovery as of August 31, 2023, 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 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 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.

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 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 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.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal award, 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 schedule of expenditures of federal awards 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 February 23, 2024, 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.

Report on Summarized Comparative Information

We have previously audited Lifetime Recovery's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As described in **Note P**, the financial statements for the year ended August 31, 2022 have been restated with an increase to net assets as of August 31, 2022.

Schriver, Carmona & Company, PLLC

San Antonio, Texas

April 9, 2024

Financial Statements

San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery

Statements of Financial Position
August 31, 2023 and 2022 (restated)

	2023	2022 (restated)
Assets		
Current Assets:		
Cash and Cash Equivalents	**$ 3,537,087**	$ 1,616,307
Accounts Receivable:		
Government Contracts	**761,692**	935,848
Current Portion of Pledges	**74,792**	79,792
Grants and Other	**558,679**	3,087,952
Prepaid Expenses	**92,432**	103,123
Total Current Assets	**5,024,682**	5,823,022
Property and Equipment, net of accumulated depreciation and amortization	**11,284,449**	8,030,247
Long-term Portion of Pledges	**-**	25,000
Total Assets	**$ 16,309,131**	$ 13,878,269
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	**$ 298,583**	$ 384,155
Accrued Payroll Liabilities	**434,262**	271,300
Retainage Payable	**190,640**	241,194
Accrued Construction Loan Interest	**-**	2,552
Construction Loan Payable	**-**	1,512,681
Accrued Economic Injury Disaster Loan (EIDL) Interest	**-**	8,544
EIDL Loan Payable, Current Portion of Principal	**-**	2,095
Total Current Liabilities	**923,485**	2,422,521
EIDL Loan Payable, Long-Term Portion	**-**	147,905
Total Liabilities	**923,485**	2,570,426
Net Assets:		
Without Donor Restrictions:		
Board Designated - Prudent Reserve	**500,000**	350,000
Undesignated	**13,841,659**	10,403,051
Total Without Donor Restrictions	**14,341,659**	10,753,051
With Donor Restrictions	**1,043,987**	554,792
Total Net Assets	**15,385,646**	11,307,843
Total Liabilities and Net Assets	**$ 16,309,131**	$ 13,878,269

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, 2023 [with Comparative Totals for the Year Ended August 31, 2022 (restated)]

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	**Totals**	Totals (restated)
Support and Revenues				
Support:				
Bexar County - American Rescue Plan Act Grant	$ 3,351,747	$ -	**$ 3,351,747**	$ 3,032,886
Grant Income	457,452	489,195	**946,647**	779,319
United Way	194,395	-	**194,395**	184,395
Contributions	85,951	-	**85,951**	182,212
Program Income:				
Texas Department of Health and Human Services Commission (HHSC)	2,861,217	-	**2,861,217**	2,409,235
US Federal Probation and Pretrial	698,917	-	**698,917**	1,333,126
Drug Treatment Court Program Fees	1,508,436	-	**1,508,436**	1,096,078
Medicaid Fees	272,016	-	**272,016**	235,790
Department of Family Protective Services	170,662	-	**170,662**	204,375
University Health System	-	-	**-**	2,685
Private Pay Fees	4,144	-	**4,144**	15,000
Program Services	494,973	-	**494,973**	491,380
Revenues:				
Contributed Nonfinancial Assets	103,325	-	**103,325**	110,979
Other Income	171,035	-	**171,035**	18,738
Special Events, net of expenses of $41,098 and $19,765 in 2023 and 2022, respectively	60,567	-	**60,567**	67,461
Total Support and Revenues	10,434,837	489,195	**10,924,032**	10,163,659
Expenses				
Program Services	6,226,246	-	**6,226,246**	5,194,421
Support Services:				
Management and General	363,208	-	**363,208**	258,948
Fundraising	256,775	-	**256,775**	191,886
Total Expenses	6,846,229	-	**6,846,229**	5,645,255
Change in Net Assets	3,588,608	489,195	**4,077,803**	4,518,404
Net Assets at Beginning of Year. Restated	10,753,051	554,792	**11,307,843**	6,789,439
Net Assets at End of Year	$ 14,341,659	$ 1,043,987	**$ 15,385,646**	$ 11,307,843

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, 2023 (with Comparative Totals for the Year Ended August 31, 2022)

	Program Services	Support Services: Management and General	Support Services: Fundraising	2023 Totals	2022 Totals
Salaries and Wages	$ 3,370,712	$ 222,358	$ 190,518	**$ 3,783,588**	$ 3,137,640
Payroll Taxes and Worker's Compensation Expense	267,474	23,683	15,689	**306,846**	265,747
Total Salaries and Related Expenses	3,638,186	246,041	206,207	**4,090,434**	3,403,387
Auto and Truck	15,919	207	-	**16,126**	24,807
Bank Charges and Other Fees	2,308	2,082	62	**4,452**	5,199
Client Expense	504,686	988	23	**505,697**	272,124
Computer Expense	100,769	8,449	3,442	**112,660**	120,837
Contract Labor	27,040	1,475	164	**28,679**	22,420
Denied Claims	69,078	-	-	**69,078**	30,818
Dues and Subscriptions	9,145	917	801	**10,863**	18,339
Employee Benefits	454,023	28,890	22,927	**505,840**	395,501
Employee Miscellaneous Expenses	35,769	3,726	363	**39,858**	24,718
Equipment	49,410	5,086	1,222	**55,718**	65,282
Food	345,723	1	-	**345,724**	324,573
Insurance	88,791	8,879	987	**98,657**	72,640
Interest	10,968	1,559	-	**12,527**	4,125
Licenses and Permits	10,690	1,018	113	**11,821**	1,200
Marketing and Outreach	18,709	7,404	10,678	**36,791**	27,011
Meetings	10,368	11,541	2,379	**24,288**	12,467
Office Supplies	50,326	10,903	1,831	**63,060**	40,733
Postage	108	11	299	**418**	1,663
Printing	(1)	182	2,878	**3,059**	2,553
Professional Fees	90,073	14,537	990	**105,600**	92,450
Contributed Nonfinancial Assets - Professional Services	1,831	-	-	**1,831**	141
Rent	127,247	2,814	312	**130,373**	130,373
Contributed Nonfinancial Assets - Residential Rent	101,494	-	-	**101,494**	98,538
Telephone	35,302	2,863	326	**38,491**	41,818
Training and Development	15,305	116	47	**15,468**	11,260
Travel	20,279	1,054	445	**21,778**	27,428
Utilities	111,037	-	-	**111,037**	133,204
Total Expenses before Depreciation and Amortization	5,944,583	360,743	256,496	**6,561,822**	5,405,609
Depreciation and Amortization	281,663	2,465	279	**284,407**	239,646
Total Expenses	$ 6,226,246	$ 363,208	$ 256,775	**$ 6,846,229**	$ 5,645,255

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, 2023 and 2022 (restated)

	2023	2022 (restated)
Cash Flows From Operating Activities:		
Change in Net Assets	**$ 4,077,803**	$ 4,518,404
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	**284,407**	239,646
(Increase) Decrease in:		
Government Contracts Receivable	**174,156**	(188,561)
Grants and Other Receivable	**2,529,273**	(3,026,156)
Pledges and Contributions Receivable	**30,000**	1,039,232
Prepaid Expenses	**10,691**	(75,418)
Other Assets	**-**	8,532
Increase (Decrease) in:		
Accounts Payable	**(85,572)**	(186,025)
Accrued Payroll Liabilities	**162,962**	5,550
Retainage Payable	**(50,554)**	241,194
Accrued Construction Loan Interest	**(2,552)**	2,552
Accrued Economic Injury Disaster Loan (EIDL) Interest	**(8,544)**	4,125
Net Cash Provided by Operating Activities	**7,122,070**	2,583,075
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	**(10,967)**	(38,423)
Construction in Progress	**(3,527,642)**	(3,783,845)
Net Cash Used by Investing Activities	**(3,538,609)**	(3,822,268)
Cash Flows From Financing Activities:		
Principal Payments on Construction Loan	**(1,512,681)**	1,512,681
Principal Payments on EIDL Loan Payable	**(150,000)**	-
Net Cash Provided (Used) by Financing Activities	**(1,662,681)**	1,512,681
Net Increase in Cash and Cash Equivalents	**1,920,780**	273,488
Cash and Cash Equivalents, Beginning of Year	**1,616,307**	1,342,819
Cash and Cash Equivalents, End of Year	**$ 3,537,087**	$ 1,616,307
Supplemental Disclosures:		
Non-Cash Investing Activities:		
Donated Vehicle	**$ -**	$ 12,300
Interest Paid	**$ 12,527**	$ 28,017

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

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.

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 in 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.

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, 2023 and 2022, 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, 2023 or 2022.

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.

Note B: Summary of Accounting Principles (Continued)

Federal and State 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, 2023, and 2022. 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, 2023 and 2022 amounted to **$162,836** and $133,334, 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, 2023 and 2022 in the amounts of **$269,691** and $133,883 respectively and is included within Accrued Payroll Liabilities on the Statements of Financial Position.

Recently Issued Accounting Pronouncements

Adopted During 2023

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). Refer to **Note J**.

Note B: Summary of Accounting Principles (Continued)

Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2022 from which the summarized information was derived.

Note C: Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets at August 31, 2023 and 2022 available to meet general expenditures over the next twelve months:

	2023	2022 (restated)
Financial assets at year end:		
Cash and Cash Equivalents	**$ 3,537,087**	$ 1,616,307
Accounts Receivable		
Government Contracts	**761,692**	935,848
Pledges Receivable	**74,792**	104,792
Grants and Other	**558,679**	3,087,952
Total financial assets	**4,932,250**	5,744,899
Less those unavailable for general expenditures within one year, due to:		
Net assets restricted at year end	**1,043,987**	554,792
Debt payments due next year	**-**	1,514,776
Less net assets with timing restrictions to be met in less than one year	**-**	-
	1,043,987	2,069,568
Financial assets available to meet general expenditures over the next twelve months	**$ 3,888,263**	$ 3,675,331

Note D: Pledges and Contributions

In the fiscal years ending August 31, 2023 and 2022, 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.

Note D: Pledges and Contributions (Continued)

Pledges receivable consist of the following at August 31:

	2023	2022
Gross Pledges Receivable	**$ 74,792**	$ 104,792
Less: Discount on Net Present Value	**-**	-
Net Pledges Receivable	**$ 74,792**	$ 104,792
Amounts due in:		
Less than one year	**$ 74,792**	$ 79,792
One to five years	**-**	25,000
Total Amount Due	**$ 74,792**	$ 104,792

Note E: Property and Equipment

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

	2023	2022
Building and Improvements	**$ 8,876,541**	$ 4,878,643
Vehicles	**108,304**	108,304
Construction in Progress	**2,584,790**	3,327,676
Computer Software and Equipment	**23,742**	23,742
Furniture and Fixtures	**646,875**	378,064
Total Property and Equipment	**12,240,252**	8,716,429
Less: Accumulated Depreciation and Amortization	**(955,803)**	(686,182)
Property and Equipment, Net of Accumulated Depreciation	**$ 11,284,449**	$ 8,030,247

Depreciation expense for the years ended August 31, 2023 and 2022 was **$284,407** and $239,646, respectively. In addition, Phase II of Campus Expansion was completed. Construction in Progress in the amount of $4,270,528 was capitalized to Buildings and Improvements and Furniture and Fixtures as of August 31, 2023. Lastly, fully depreciated assets totaling $14,786 were disposed and related accumulated depreciation was reversed. Assets removed were fully depreciated, no gain or loss on disposal.

Note F: 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 **9.25%** at August 31, 2023. As of August 31, 2023 and 2022, no amount had been drawn on the line of credit.

Note F: Long-Term Debt (Continued)

Construction Line of Credit

The Organization had a revolving line of credit with Frost Bank in the amount of $3,000,000. The line of credit matured on June 21, 2023, and was not renewed. As of August 31, 2023 and 2022, the balance was **$0** and $1,512,681, respectively. As of August 31, 2023 and 2022, accrued interest was **$0** and $2,552, respectively.

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 began 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. This loan was paid in full during 2023.

Note G: 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, 2023 and 2022, the Organization's cash balance at its financial institution exceeded the insured FDIC limit by **$0** and $256,936, 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 with Frost Bank Brokerage Services. Funds are held in a short-term investment trust using short-term, high-credit-quality money market instruments with the objective to preserve capital, maintain liquidity, and produce a competitive yield. Funds held here are not FDIC insured. The balance was **$3,511,657** and $1,109,071 at August 31, 2023 and 2022, respectively.

Support and Revenue

The Organization received approximately **81%** and 82% of total support and revenues from government grants and contracts related funding in 2023 and 2022, respectively. The loss of funding from these grants or contracts could reduce the Organization's ability to achieve its objectives.

Note G: Concentrations (Continued)

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

Source	Type	2023 Amount	2023 Percent of Total Support and Revenue
Texas Department of Health and Human Services Commission	**Federal**	**$ 2,861,217**	**26%**
US Federal Probation and Pretrial	**Federal**	**698,917**	**6%**
Department of Family Protective Services	**State**	**170,662**	**2%**
Drug Treatment Court Program Fees	**Local**	**1,508,436**	**14%**
Medicaid Fees	**Federal**	**272,016**	**2%**
Bexar County - American Rescue Plan Act Grant	**Federal**	**3,351,747**	**31%**
Total Government Grants and Contracts		**$ 8,862,995**	**81%**

Source	Type	2022 Amount (restated)	2022 Percent of Total Support and Revenue
Texas Department of Health and Human Services Commission	Federal	$ 2,409,235	24%
US Federal Probation and Pretrial	Federal	1,333,126	13%
Department of Family Protective Services	State	204,375	2%
Drug Treatment Court Program Fees	Local/Federal	1,096,078	11%
Medicaid Fees	Federal	235,790	2%
Bexar County - American Rescue Plan Act Grant	Federal	3,032,886	30%
Total Government Grants and Contracts		$ 8,311,490	82%

Note H: Net Assets

With Donor Restrictions

With Donor Restrictions consisted of the following at August 31:

	2023	2022
Restricted by Purpose:		
Campus Expansion	**$ 1,043,987**	$ 554,792
Total Net Assets With Donor Restrictions	**$ 1,043,987**	$ 554,792

Note I: 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 **$101,494** and $98,538 for the years ended August 31, 2023 and 2022, respectively. The facilities did not have donor-imposed restrictions. 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, **$1,831** and $141 of donated goods and services were received for the years ended August 31, 2023 and 2022, respectively. The Organization estimated the fair value of goods and services based on current rates for similar items. The goods and services did not have donor-imposed restrictions. Goods and services has been recognized in the Statement of Functional Expenses as Contributed Nonfinancial Assets – Professional Services.

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 J: Leases

As discussed in **Note B**, the Organization adopted ASU 2016-02 during 2023. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded in the Statement of Financial Position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The Organization has elected to apply the short-term lease exception to all leases with a term of 12 months or less. Management of the Organization determined that the remaining lease payments on existing leases as of August 31, 2023, did not have a material impact to the financial statements as of and for the year ended August 31, 2023. Therefore, no lease liability or right-to-use asset has been recorded as of August 31, 2023.

The Organization's lease for office space expired January 1, 2023, and continues on a month-to-month basis. The amount of total rent expense related to office space for the years ended August 31, 2023, and 2022 was **$130,373** and $130,373, respectively, and is included as Rent on the State of Functional Expenses.

The Organization has a lease agreement for copiers that expires on March 20, 2024. The amount of copier lease expense for the years ended August 31, 2023, and 2022 was **$30,774** and 31,797, respectively, and is included in Equipment on the Statement of Functional Expenses. Future minimum payments due under non-cancellable lease agreements total $18,548 as of August 31, 2023.

Note K: Service Contract

The Organization has a service agreement for IT services that expires on September 6, 2024. The amount of total IT services expense for the years ended August 31, 2023 and 2022 was **$48,576** and $48,879, respectively, and is included in Computer Expense on the Statement of Functional Expenses. Future minimum payments due under the service contract total $36,432 as of August 31, 2023.

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 years ended August 31, 2023 and 2022, amounted to **$96,988** and $72,102, respectively.

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 IV of the Campus Expansion project in December 2022 in the amount of $3,398,158. The amount expended is $2,381,928 and the remaining commitment is $1,206,870 as of August 31, 2023.

Note O: Risk and Uncertainty

Certain current economic events have arisen which could impact the Organization's ongoing operations. 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.

Note P: Restatement

During 2023, additional funds attributed to 2022 in the amount of $341,834 were received from Texas Department of Health and Human Services Commission (HHSC). As a result, accounts receivable and HHSC revenues increased by $341,834 at August 31, 2022. The impact of the restatement was an increase in Net Assets Without Donor Restriction at August 31, 2022.

Note Q: Reclassification

Certain amounts in the 2022 financials have been reclassified to conform to the 2023 presentation.

Note R: Subsequent Events

Subsequent events have been evaluated through April 9, 2024, which is the date the financial statements were available to be issued.

Compliance Report

SCHRIVER CARMONA
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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, 2023, 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 April 9, 2024.

Report on 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.

Report on 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*.

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.

Schriver, Carmona & Company, PLLC

San Antonio, Texas

April 9, 2024

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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, 2023. 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, 2023.

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.

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.

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.

Schriver, Carmona & Company, PLLC

San Antonio, Texas

April 9, 2024

San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2023

Federal Grantor/Pass through Grantor/Program Title	ALN Number	Pass Through Grant ID Number	Federal Grant Expended During the Year
U.S. Department of Health and Human Services			
Pass through the Texas Health and Human Services Commission			
Block Grants for Prevention and Treatment of Substance Abuse			
Treatment Services - Adult	93.959	HHS000663700069 SA/TRA 202209	$ 2,323,214
Recovery Support Services for Treatment Organizations	93.959	HHS000130500016 SA/SAPT 202209	200,000
			2,523,214
Pass through The University of Texas Health Science Center at San Antonio			
Recovery Support Services (RSS)	93.788	B08TI083545C	120,399
Recovery Support Services (TTOR)	93.788	HHS001054500001	80,000
			200,399
Texas Medicaid Program	93.778	2146888-01	151,234
Total U.S. Department of Health and Human Services			2,874,847
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,874,847

See Accompanying Notes to Schedule of Expenditure of Federal Awards

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, 2023. 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, 2023.

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	$	2,874,847
Other Government Grants and Contracts		5,988,148
Total Government Grants and Contracts	$	8,862,995

Government Grants and Contracts per the Statement of Activities include the following:

Bexar County - American Rescue Plan Act Grant	$	3,351,747
Texas Department of Health and Human Services Commission (HHSC)		2,861,217
US Federal Probation and Pretrial		698,917
Drug Court - Bexar County		1,508,436
Medicaid Fees		272,016
Department of Family Protective Services		170,662
Total Government Grants and Contracts	$	8,862,995

San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery

Federal Awards – Summary Status of Prior Year Audit Findings
Year Ended August 31, 2023

There are no findings from prior year that require an update in this report.