SMART Recovery®

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

SMART RECOVERY USA, INC.

INDEX

DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

PAGE NO.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SMART Recovery USA, Inc.

Opinion

We have audited the accompanying financial statements of the SMART Recovery USA, Inc., which comprise the statement of financial position as of December 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 the Organization as of December 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.

Change in Accounting Principle

As discussed in Notes 2 and 8 to the combined financial statements, the Organization changed its method of accounting for leases as of January 1, 2022 due to the adoption of Accounting Standard Codification Topic 842, Leases.

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 the Organization 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 opinion.

Responsibilities 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, that raise substantial doubt about the Organization'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 the Organization'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, on our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

H • J
Certified Public Accountants

Cleveland, Ohio
August 2, 2023

SMART RECOVERY USA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022	2021
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 35,720	$ 67,225	$ 102,945	$ 156,426
Short-Term Investments	295,977	-	295,977	588,308
Inventory	83,126	-	83,126	120,862
Accounts Receivable	15,553	-	15,553	157,946
Prepaid Expense	-	-	-	7,650
	430,376	67,225	497,601	1,031,192
FURNITURE AND FIXTURES	9,489	-	9,489	10,904
OPERATING LEASE, RIGHT-OF-USE ASSET	102,503	-	102,503	-
	$ 542,368	$ 67,225	$ 609,593	$ 1,042,096
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Line of Credit	$ 6,000	$ -	6,000	$ -
Accounts Payable and Accrued Expenses	201,189	-	201,189	238,094
Accrued Compensation	23,569	-	23,569	67,331
Deferred Revenue	10,833	-	10,833	-
Operating Lease Liability	85,204	-	85,204	-
	326,795	-	326,795	305,425
NET ASSETS				
Without Donor Restrictions				
Operating	(84,427)	-	(84,427)	372,248
Board-Designated Reserve	300,000	-	300,000	300,000
	215,573	-	215,573	672,248
With Donor Restricitons	-	67,225	67,225	64,423
Total Net Assets	215,573	67,225	282,798	736,671
Total Liabilities and Net Assets	$ 542,368	$ 67,225	$ 609,593	$ 1,042,096

See accompanying notes.

SMART RECOVERY USA, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022	2021
PUBLIC SUPPORT AND REVENUE				
Bookstore Revenue	$ 728,221	$ -	$ 728,221	$ 787,463
Contributions and Grants	455,674	81,656	537,330	670,440
Distance Training	455,289	-	455,289	460,956
Government	454,524	-	454,524	711,926
Corporate Sponsorships	58,883	-	58,883	82,648
Other Income	31,067	-	31,067	8,685
Conference	-	-	-	16,295
Net Assets Released from Restrictions	78,854	(78,854)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,262,512	2,802	2,265,314	2,738,413
EXPENSES				
Programs	2,092,403	-	2,092,403	2,047,037
General and Administrative	362,365	-	362,365	248,861
Fundraising	231,088	-	231,088	89,208
TOTAL EXPENSES	2,685,856	-	2,685,856	2,385,106
CHANGE IN NET ASSETS FROM OPERATIONS	(423,344)	2,802	(420,542)	353,307
INVESTMENT INCOME (LOSS)	(33,331)	-	(33,331)	21,295
CHANGE IN NET ASSETS	(456,675)	2,802	(453,873)	374,602
NET ASSETS - Beginning of Year	672,248	64,423	736,671	362,069
NET ASSETS - End of Year	$ 215,573	$ 67,225	$ 282,798	$ 736,671

See accompanying notes.

SMART RECOVERY USA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	PROGRAMS	GENERAL AND ADMINISTRATIVE	FUNDRAISING	2022	2021
Compensation	$ 740,746	$ 190,240	$ 46,282	$ 977,268	$ 818,338
Payroll Taxes	63,445	16,294	3,964	83,703	67,316
Fringe Benefits	26,834	6,892	1,676	35,402	29,763
	831,025	213,426	51,922	1,096,373	915,417
Cost of Merchandise Sold	369,166	-	-	369,166	388,696
Contracted IT Services	200,926	23,638	11,819	236,383	405,751
Marketing and Communications	162,704	-	-	162,704	134,196
Support Group Delivery	126,772	14,914	7,458	149,144	80,755
Fundraising Expense	-	-	141,124	141,124	39,800
Office Expense	64,029	13,557	13,457	91,043	94,408
Professional Fees	42,415	38,005	-	80,420	23,461
Onsite Training	73,754	-	-	73,754	63,075
Volunteers and Meeting Development	51,389	-	-	51,389	-
Office Rent	43,706	2,213	1,107	47,026	26,688
Payment Processing Fees	-	46,360	-	46,360	71,608
Program Technology	34,195	4,023	2,011	40,229	54,971
Lobbying and Advocacy	22,932	-	-	22,932	-
Telecommunication	9,234	1,979	1,978	13,191	15,858
Conference and Meetings	12,680	-	-	12,680	12,517
Designated Expenses	12,064	-	-	12,064	7,680
Insurance	7,441	2,395	-	9,836	6,536
Travel and Entertainment	8,208	-	-	8,208	6,759
SMART Recovery International	7,300	-	-	7,300	8,378
Training and Development	4,242	-	-	4,242	18,964
Interest Expense	3,922	-	-	3,922	314
Equipment Rental and Maintenance	2,986	-	-	2,986	2,578
Bank and Finance Charges	-	1,643	-	1,643	1,619
Depreciation	991	212	212	1,415	3,847
Bad Debt	322	-	-	322	1,230
Total Expenses	$ 2,092,403	$ 362,365	$ 231,088	$ 2,685,856	$ 2,385,106

See accompanying notes.

SMART RECOVERY USA, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ (453,873)	$ 374,602
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used by) Operating Activities:		
Depreciation	1,415	3,846
Reinvested Realized Income	(7,571)	(15,646)
Unrealized Gain (Loss)	40,902	(15,403)
PPP Forgiveness	-	(174,358)
Non-Cash Lease Expense	10,891	-
Changes in Operating Assets and Liabilities:		
Receivables	142,393	(146,137)
Prepaid Expense	7,650	(4,650)
Inventory	37,736	(26,584)
Operating Lease, Right-of-Use Asset	(102,503)	-
Accounts Payable and Accrued Expenses	(36,905)	104,167
Accrued Compensation	(43,762)	(602)
Deferred Revenue	10,833	-
Operating Lease Liability	85,204	-
Total Adjustments	146,283	(275,367)
Cash Provided by (Used by) Operating Activities	(307,590)	99,235
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of Short-Term Investments	334,000	285,000
Purchase of Short-Term Investments	(85,891)	(325,000)
Cash Provided by (Used by) Investing Activities	248,109	(40,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Line of Credit	140,000	-
Payments on Line of Credit	(134,000)	-
Cash Provided by Financing Activities	6,000	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(53,481)	59,235
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	156,426	97,191
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 102,945	$ 156,426
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid during the Year for Interest	$ 3,922	$ 314
Right-of-Use Asset upon Adoption of ASC 842	$ 120,822	$ -

See accompanying notes.

SMART RECOVERY USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

1. NATURE OF OPERATIONS AND MISSION STATEMENT

SMART Recovery USA, Inc. ("the Organization") is a nonprofit organization incorporated in the State of Maryland in 1992 and is located in Mentor, Ohio. The Organization's mission is to empower people to achieve independence from addiction problems with our science-based 4-Point Program. The Organization offers training and support to over 1,000 volunteer-led in-person and online mutual support group meetings across the United States and Canada. The Organization also partners with and trains treatment professionals who build SMART Recovery tools and techniques into their work with their clients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements of the Organization have been prepared on the accrual basis and include the assets, liabilities and financial activities of all program services of the Organization. In accordance with U.S. generally accepted accounting principles, the financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions. Net assets are classified as without donor restrictions or with donor restrictions as described below:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives that the Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

SUMMARIZED FINANCIAL INFORMATION

The financial statements and notes to 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Certain amounts in the prior-year summarized comparative information have been reclassified to be consistent with the presentation in the current-year financial statements. These classifications had no impact on changes in net assets as previously presented.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS/CONCENTRATION OF RISK

Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 for all combined deposits at the same bank. At times during the year, cash balances may exceed the related amount of federal depository insurance. The Organization maintains its cash with high-quality financial institutions which the Organization believes limit these risks.

The Organization receives a significant portion of its support from contracts with a State of Ohio government agency. Total awards received from this government agency amounted to $454,524 (2022) and $755,176 (2021).

SMART RECOVERY USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

RECEIVABLES AND CREDIT POLICIES

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance amount is $-0- at December 31, 2022 and 2021.

INVESTMENTS

Investments with readily determinable fair values are measured at fair value in the statements of financial position. Interest, dividends, realized and unrealized gains and losses on investments, net of fees, are recorded as investment return in the statements of activities and changes in net assets. Realized gains and losses are determined on a specific identification basis. Realized and unrealized gains and losses, interest, and dividends on investments are recorded as net assets without donor restriction unless such amounts are restricted by the donor or by law. Investments received as gifts are recorded at the estimated fair value at the date of the gift. Investments are classified based on their original maturities. Investments with original maturities of less than 12 months are classified as short-term investments.

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

INVENTORY

The Organization maintains an inventory of books, videos, manuals and other mission-related products. Inventory is valued at the lower of cost or market.

PROPERTY AND EQUIPMENT

Property and equipment purchased by the Organization are carried at cost. The Organization primarily follows the straight-line method of depreciation utilizing lives of 7 years. Expenditures for maintenance and repairs are charged to expense on the Statement of Activities. The cost and related accumulated depreciation of properties sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year's Statement of Activities.

The Organization's fixed assets at December 31 comprise of $18,417 of furniture and fixtures with accumulated depreciation in the amount of $8,928 (2022) and $7,513 (2021).

SMART RECOVERY USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

DEFERRED REVENUE

Amounts collected in advance but unearned are reflected in the statement of financial position as deferred revenue.

REVENUE AND REVENUE RECOGNITION

Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. The gifts are reported as either net assets without donor restriction or net assets with donor restriction if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restriction; otherwise, the contributions are recorded as net assets without donor restriction. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributed income of cash or other assets that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless their use is restricted by donor-imposed stipulation or by state law.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Earned revenue is recognized as services are provided. Other income is recognized as it is earned.

The Organization recognizes merchandise revenue when the customer pays and the merchandise is shipped.

The Organization recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In addition, the Organization receives services from volunteers who give significant amounts of their time to The Organization's programs, fundraising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs, such as personnel, facility, professional and legal, travel and meeting expenses, office and other expenses have been allocated among programs, management and general, and fundraising services benefited. Such allocations are determined by management based on estimated time and effort.

ADVERTISING

Advertising costs are expensed as incurred.

SMART RECOVERY USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

INCOME TAX STATUS

The Organization is incorporated as a not-for-profit that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation under Section 509(a)(1). The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

ADOPTION OF ACCOUNTING STANDARDS

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the most significant change from the previous guidance (Topic 840, "ASC 840") is the requirement to recognize the right-of-use ("ROU") assets and lease liabilities on the Statements of Financial Position for leases classified as operating leases. The standard also requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the new guidance effective January 1, 2022.

LEASES

The Organization applies Accounting Standards Codification ("ASC") 842, Leases, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant or equipment for a period of time in excess of twelve months in exchange for consideration. The Organization defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. The Organization further determines all the existing leases are operating leases, which are included in ROU assets and lease liabilities in the Statements of Financial Position. ROU assets represent the Organization's right to use leased assets over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term. ROU assets are calculated as the present value of the future lease payments adjusted by any deferred rent liability and lease incentives. ROU assets and lease liabilities are recognized at the lease commencement date. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. To the extent a lease arrangement includes both lease and non-lease components, the components are accounted for separately (see Note 7).

As part of the transition to ASC 842, the Organization uses the modified retrospective approach to measure and recognize leases that existed at January 1, 2022. The Organization elects to apply ASC 842 retrospectively at the beginning of the period of adoption through a cumulative effect adjustment as of January 1, 2022 and continues to apply ASC 840 for year ended December 31, 2021.

If a lease includes an extension option, the Organization will consider the changes in facts and circumstances from the initial lease commencement date through the transition date to determine if the changes in facts and circumstances require a change to the initial lease term. The Organization applies the short-term lease exemption of not recognizing a ROU asset and lease liability for leases that have terms of 12 months or less.

Under the modified retrospective approach, the adoption of ASC 842 resulted in the recognition of ROU assets and lease liabilities of $102,503 and $85,204 as of January 1, 2022. There is no cumulative effect adjustment to the net assets without donor restrictions at the transition date.

SMART RECOVERY USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

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3. SHORT-TERM INVESTMENTS

Short-term investments at December 31 consist of the following:

	2022		2021	
	Market	Cost	Market	Cost
Money Market Funds	$ 43,497	$ 43,497	$ 300,018	$ 300,018
Mutual Funds:				
Equities	99,010	57,576	126,703	127,485
Bonds	142,489	162,368	161,587	159,312
Other	10,981	-	-	-
	$ 295,977	$ 263,441	$ 588,308	$ 586,815

Investment income for consists the following:

	2022	2021
Unrealized Gain (Loss)	$ (40,902)	$ 15,402
Realized Income	7,571	5,893
	$ (33,331)	$ 21,295

4. FAIR VALUE MEASUREMENT

The fair value of investment assets, measured on a recurring basis at December 31 are as follows:

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2022				
Money Market Funds	$ 43,497	$ -	$ -	$ 43,497
Mutual Funds	252,480	-	-	252,480
	$ 295,977	$ -	$ -	$ 295,977
2021				
Money Market Funds	$ 300,018	$ -	$ -	$ 300,018
Mutual Funds	288,290	-	-	288,290
	$ 588,308	$ -	$ -	$ 588,308

5. LINE OF CREDIT

The Organization maintains a $100,000 line of credit, secured by all of the Organization’s assets, with interest applied at the bank’s prime rate plus 1.68% (effective rate is 9.18% at December 31, 2022).

There was $6,000 and $-0- outstanding on the line at December 31, 2022 and 2021.

SMART RECOVERY USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

6. NET ASSETS – WITH DONOR RESTRICTIONS

At December 31, net assets with donor restrictions were as follows:

	2022			
PURPOSE	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Spanish Program Development	$ -	$ 56,000	$ (10,850)	$ 45,150
Local Programming	-	25,646	(11,018)	14,628
Telehealth	7,428	-	(7,428)	-
Technology and Fundraising	12,755	-	(12,755)	-
Memorial Lectureships	8,626	-	(1,179)	7,447
Rural Recovery Services	35,614	-	(35,614)	-
	$ 64,423	$ 81,646	$ (78,844)	$ 67,225

	2021			
PURPOSE	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Telehealth	$ 40,000	$ -	$ (32,572)	$ 7,428
Technology and Fundraising	40,351	-	(27,596)	12,755
Memorial Lectureships	1,000	8,616	(990)	8,626
Rural Recovery Services	-	37,500	(1,886)	35,614
	$ 81,351	$ 46,116	$ (63,044)	$ 64,423

7. LEASES

The Organization has a lease arrangement on a suite in an office building. The lease is classified as an operating lease with a multi-year renewal option. The Organization is reasonably certain that it will renew its lease through December 31, 2027. In addition, the Organization will be reducing the square footage leased, which will reduce monthly fixed payments.

Lease expense from operating leases were approximately $28,000 the year ended December 31, 2022 and 2021.

Lease liability maturities as of December 31, 2022 are as follows:

2023	$ 23,385
2024	17,496
2025	17,496
2026	17,496
2027	17,496
Total Undiscounted Lease Payments	93,369
Less Imputed Interest	(8,165)
Total Lease Liability	$ 85,204

The weighted-average remaining lease term and discount rate related to the Organization's lease liability as of December 31, 2022 were 4.56 years and 3.88%.

SMART RECOVERY USA, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

8. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 102,945	$ 156,426
Accounts Receivable	15,553	157,946
Short-Term Investments	295,977	588,308
Total Financial Assets	414,475	902,680
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash	(67,225)	(64,423)
	(67,225)	(64,423)
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	$ 347,250	$ 838,257

The Organization keeps cash and cash equivalents on hand at the level needed to satisfy its financial obligations as they are due. As part of the Organization's liquidity management plan, it invests cash in excess of daily requirements in mutual funds.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 2, 2023, the date the financial statements were available to be issued.