

SAN ANTONIO LIFETIME RECOVERY, INC.
DBA LIFETIME RECOVERY

AUDITED FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULES,
AND FEDERAL AWARDS REPORTS

AUGUST 31, 2014 AND 2013

SAN ANTONIO LIFETIME RECOVERY, INC.
dba Lifetime Recovery

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AUDITED FINANCIAL STATEMENTS

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Independent Auditor's Report

Board of Directors
San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery
San Antonio, Texas

I have audited the accompanying financial statements of the San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (the Organization), which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery, as of August 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters


Other Information

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2014, on my consideration of the San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery internal control over financial reporting and on my 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 my 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 the audit performed in accordance with *Government Auditing Standards* in considering the San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery internal control over financial reporting and compliance.

San Antonio, Texas
December 30, 2014



SAN ANTONIO LIFETIME RECOVERY, INC.
 dba LIFETIME RECOVERY
 STATEMENTS OF FINANCIAL POSITION
 AUGUST 31, 2014 AND 2013

ASSETS

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and Cash Equivalents	\$ 297,822	\$ 501,242
Accounts Receivable:		
Government Contracts	217,606	105,498
Grants and Contributions	3,000	1,500
Third Party Payers	18,359	16,702
Other	-	1,629
Deposits	54,611	4,611
Prepaid Expenses	25,570	-
Total Current Assets	<u>616,968</u>	<u>631,182</u>
Fixed Assets:		
Building Improvements	461,687	448,127
Vehicles	52,681	47,765
Computer Equipment & Software	123,717	117,807
Furniture and Fixtures	121,709	120,441
Total Fixed Assets	<u>759,794</u>	<u>734,140</u>
Less: Accumulated Depreciation	434,396	372,301
Net - Property, Plant, and Equipment	<u>325,398</u>	<u>361,839</u>
 TOTAL ASSETS	 <u>\$ 942,366</u>	 <u>\$ 993,021</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 40,488	\$ 47,017
Accrued Expenses	144,947	130,022
Deferred Revenues	1,500	6,720
Total Current Liabilities	<u>186,935</u>	<u>183,759</u>
 <u>NET ASSETS</u>		
Unrestricted Net Assets:		
Board Designated - Prudent Reserve	200,000	200,000
Undesignated	544,382	564,179
Total Unrestricted Net Assets	<u>744,382</u>	<u>764,179</u>
Temporarily Restricted Net Assets	11,049	45,083
Total Net Assets	<u>755,431</u>	<u>809,262</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 942,366</u>	 <u>\$ 993,021</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, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL 2014
<u>REVENUE AND SUPPORT</u>			
United Way of San Antonio	\$ 286,993	\$ -	\$ 286,993
Texas Department of State Health Services	1,552,494	-	1,552,494
Drug Court	419,031	-	419,031
US Federal Probation and Pretrial	212,346	-	212,346
Medicaid	117,158	-	117,158
Private Pay Fees	38,862	-	38,862
Program - Co-payments	10,245	-	10,245
Grant Income	251,250	-	251,250
Contributions	40,390	-	40,390
Special Events, net of expenses \$15,521	43,288	-	43,288
Miscellaneous	1,948	-	1,948
In-kind Contributions	90,070	-	90,070
Gain (Loss) on Disposal/Sale of Fixed Assets	900	-	900
Net Assets Released From Restrictions	34,034	(34,034)	-
	3,099,009	(34,034)	3,064,975
<u>EXPENSES</u>			
Program Services	2,742,027	-	2,742,027
General and Administrative Services	306,982	-	306,982
Fundraising	69,797	-	69,797
	3,118,806	-	3,118,806
TOTAL EXPENSES	3,118,806	-	3,118,806
CHANGE IN NET ASSETS	(19,797)	(34,034)	(53,831)
NET ASSETS AT BEGINNING OF THE YEAR	764,179	45,083	809,262
NET ASSETS AT END OF YEAR	\$ 744,382	\$ 11,049	\$ 755,431

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, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL 2013</u>
<u>REVENUE AND SUPPORT</u>			
United Way of San Antonio	\$ 260,245	\$ -	\$ 260,245
Texas Department of State Health Services	1,417,611	-	1,417,611
Drug Court	207,747	-	207,747
US Federal Probation and Pretrial	344,966	-	344,966
Medicaid	58,786	-	58,786
Private Pay Fees	67,896	-	67,896
Program - Co-payments	8,123	-	8,123
Grant Income	199,220	33,988	233,208
Contributions	15,223	-	15,223
Special Events, net of expenses \$4,424	117	-	117
Miscellaneous	5,417	-	5,417
In-kind Contributions	100,706	-	100,706
Gain (Loss) on Disposal/Sale of Fixed Assets	(2,246)	-	(2,246)
Net Assets Released From Restrictions	36,509	(36,509)	-
	<u>2,720,320</u>	<u>(2,521)</u>	<u>2,717,799</u>
<u>EXPENSES</u>			
Program Services	2,379,146	-	2,379,146
General and Administrative Services	193,910	-	193,910
Fundraising	71,052	-	71,052
	<u>2,644,108</u>	<u>-</u>	<u>2,644,108</u>
CHANGE IN NET ASSETS	76,212	(2,521)	73,691
NET ASSETS AT BEGINNING OF THE YEAR	<u>687,967</u>	<u>47,604</u>	<u>735,571</u>
NET ASSETS AT END OF YEAR	<u>\$ 764,179</u>	<u>\$ 45,083</u>	<u>\$ 809,262</u>

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, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (53,831)	\$ 73,691
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	73,091	61,816
Loss on Disposal of Fixed Assets	-	3,746
Gain on the Sale of Fixed Assets	(900)	-
In-kind Contribution - Fixed Assets	-	(21,129)
Changes in:		
Accounts Receivable:		
Government Contracts	(112,108)	22,335
Third Party Payers	(1,657)	(16,702)
Grants and Contributions	(1,500)	13,000
Other	1,629	137
Deposits	(50,000)	(4,611)
Prepaid Expenses	(25,570)	5,216
Accounts Payable	(6,529)	31,670
Accrued Expenses	14,925	24,543
Deferred Revenues	(5,220)	(2,688)
Net Cash Provided (Used) By Operating Activities	(167,670)	191,024
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(36,650)	(117,226)
Proceeds From the Sale of Fixed Assets	900	-
Net Cash Used By Investing Activities	(35,750)	(117,226)
Net Increase (Decrease) in Cash	(203,420)	73,798
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	501,242	427,444
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 297,822	\$ 501,242

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, 2014 AND 2013

NOTE 1 - 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 provides rehabilitation services to chemically dependent individuals in San Antonio, and the Bexar County, Texas area. The organization is licensed for 94 beds in its residential treatment facility and also provides counseling services at its outpatient treatment location.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with the industry audit guide, *Not-for-Profit Organizations*. Accordingly, the financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three (3) classes of net assets - unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of presentation of the statements of financial position and the statements of cash flows highly liquid investments with maturities of less than three months are considered to be cash equivalents.

Accounts Receivable

Accounts Receivable-Government Contracts, represents balances due from grantors for funds billed under the terms of the contract. The Organization does not record an allowance for uncollectible accounts against the accounts receivable – government contracts because the receivables are considered to be 100% collectible.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

Accounts Receivable – Grants and Contributions, represents balances due from contributors who have promised donations to the Organization. Grants and contributions to be collected in future years are stated at fair value since the discounted carrying value is not materially different. Management has determined that an allowance for uncollectible grant and contributions receivable is not material for financial statement presentation, and consequently the organization has not established an account for that purpose.

Revenue Recognition

Grants and contributions are recognized as revenue when they are received or unconditionally pledged.

The Organization reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the accompanying statements of activities.

Contributions of services are recognized as revenue when received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization has a rent-free lease on real property that it uses for its residential treatment facility on Southton Road. Management has determined that the fair market value of this in-kind contribution to be \$79,572 and \$79,577 for the fiscal years 2014 and 2013, respectively. In 2014 and 2013, the Organization also received in-kind professional services and donated office furniture with fair market values of \$10,498 and \$21,129, respectively. The above in-kind contributions have been reported as unrestricted revenue in the accompanying statements of activities, with an off-setting entry to either program expenses or capitalized additions to fixed assets.

Government Contract Revenue Recognition

Contracts that are entered into by the Organization are recognized as revenue when revenue is earned in accordance with the terms of the contracts.

SAN ANTONIO LIFETIME RECOVERY, INC.
 dba LIFETIME RECOVERY
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed assets are stated at cost, if purchased, or fair value at time of donation, if donated. Depreciation and amortization are calculated on the straight-line method based on the following estimated useful lives - building improvements, 5 to 20 years; vehicles, 3 years; computer equipment, 3 to 5 years; equipment under capital lease, 3 to 5 years; and furniture and fixtures – 5 to 10 years. The Organization follows a capitalization policy for fixed assets whose cost or fair value at acquisition is \$1,000 or more.

At August 31, 2014 and 2013 fixed assets consist of the following:

	2014	2013
Building Improvements	\$ 461,687	\$ 448,127
Vehicles	52,681	47,765
Computer Software/Equipment	123,717	117,807
Furniture and Fixtures	121,709	120,441
	\$ 759,794	\$ 734,140
Less: Accumulated Depreciation	(434,396)	(372,301)
	\$ 325,398	\$ 361,839

Federal Income Taxes

The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code, and is not a private foundation as defined by Section 509 (a)(1) of the Code. The Organization adapted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Tax* (now codified as ASC 740-10), the implementation of which has no effect on the Organization's financial statements. The organization does not believe it is exposed to any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits in the accompanying financial statements. The Organization has filed all of its required Forms 990, however the tax years 2011 through 2013 remain open by the taxing jurisdictions to which the Organization is subject, and these periods have not been extended beyond the applicable statute of limitations.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

Local Match Funds

The Texas Department of State Health Services 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, 2014 and 2013 amounted to \$57,300 and \$54,834, respectively.

Accrued Wages Payable

The Organization's policy is for personnel to work one-half month, then one-half month later they will be compensated for that time. Based on this policy, wages payable were accrued at August 31, 2014 and 2013 in the amounts of \$78,474 and \$59,542 respectively.

SAN ANTONIO LIFETIME RECOVERY, INC.
 dba LIFETIME RECOVERY
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. The accompanying statements of financial position do not report any liabilities for loss contingencies.

NOTE 3- NET ASSETS

Unrestricted - Unrestricted net assets are resources that are expendable at the discretion of the Organization for the performance of its service and are not otherwise limited by donor restrictions.

Beginning in fiscal year 2012, the Board of Directors set aside funds for the purpose of providing assistance in the case of an emergency situation or other purposes which may be deemed necessary by the Board. Funds cannot be withdrawn for any purpose without prior approval from the Board of Directors. The balance of the board designated prudent reserve fund was \$200,000 as of August 31, 2014 and 2013.

Temporarily Restricted - Temporarily restricted net assets have been restricted by grantors for the accomplishment of a particular program or for a specific use. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization has no permanently restricted net assets.

At August 31, 2014 and 2013, temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Upgrade Project	\$ -	\$ 33,988
Meditation Garden	-	46
Scholarships	<u>11,049</u>	<u>11,049</u>
	<u>\$ 11,049</u>	<u>\$ 45,083</u>

SAN ANTONIO LIFETIME RECOVERY, INC.
 dba LIFETIME RECOVERY
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 2014 AND 2013

NOTE 4- NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purpose of the original donation:

	2014	2013
Visual Media Upgrade	\$ -	\$ 8,956
Time Restricted	-	5,000
Upgrade Project	33,988	-
Scholarships	-	22,426
Meditation Garden	46	127
	\$ 34,034	\$ 36,509

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at a financial institution located in San Antonio, Texas. The accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At August 31, 2014 and 2013, the Organization exceeded the FDIC insured limit by \$58,738 and \$91,465, respectively.

NOTE 6 - SUMMARY OF REVENUE FUNDING

The Organization is funded by various Federal, State and County governmental social service agencies, enabling the organization to provide rehabilitation services to chemically dependent individuals. Contracts with these agencies are generally for one year and are based on stipulated rates for each day or counseling session for which a service is provided. Approximately 75% (73% in 2013) of the Organization’s revenues were derived from Federal, State, and County fee for service programs. These programs are based, in part, on cost principles issued by the Federal government and the State of Texas. In addition, the contracts covering these programs contain various provisions, including non-supplanting provisions, which are subject to varying interpretations. The Organization’s compliance with the cost principles and the various other provisions of the contracts are subject to audit and retroactive adjustment by the respective grantor agencies. In the opinion of the Organization’s management, retroactive adjustments, if any, would not be material to the financial position or operating results of the Organization.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

NOTE 7 – 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 8 – LEASE COMMITMENTS

The Organization has a rent-free lease on real property it uses for its residential treatment facilities on Southton Road. The term of the property lease ends on May 31, 2016.

The Organization entered into a property lease in April 2013 for the new outpatient treatment and administrative offices facilities. The term of the property lease ends in March 2016.

The Organization has entered into two non-cancelable operating leases for office equipment. The terms of the operating leases end in April 2017 and March 2018. Minimum annual lease payments for all lease commitments for the next four years are as follows:

Year Ending August 31,

2015	\$ 79,164
2016	58,600
2017	12,824
2018	<u>2,058</u>
	<u>\$ 152,646</u>

Total lease expenses for the above lease commitments for 2014 and 2013 amounted to \$78,400 and \$56,861, respectively.

NOTE 9 – PENSION PLAN

The Organization established a defined contribution pension plan, which is available to all full time employees who satisfy the required number of years of service. 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 fiscal years 2014 and 2013, amounted to \$14,307 and \$16,345, respectively.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

As required by the Fair Value of Financial Instruments topic of the FASB Accounting Standards Codification, the Organization adapted the provisions of Fair Value Measurements.

Under the Fair Value Measurements topic, fair value is defined as the price that would be received to sell an asset or an amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority, Level 2 valuations are based on quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities, and Level 3 valuations are based on inputs that are unobservable and consequently have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets or liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 input valuations were used by the Organization.

The following methods and assumptions were used by The Organization in estimating its fair value disclosures for financial statements:

Cash and cash equivalents, government contracts receivable, grant and contributions receivable, third party payer receivables, and other receivables (Level 1) - The carrying amounts reported in the statement of financial position approximate their fair values because of the short maturities of those instruments.

NOTE 11 – RECLASSIFICATIONS

Certain amounts in the financial statements for the fiscal year ended August 31, 2013 have been reclassified to conform to the presentation for the fiscal year ended August 31, 2014. These reclassifications had no effect on the change in net assets.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2014 AND 2013

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Attorneys have been consulted in connection with various legal matters. Evaluating the likelihood of an unfavorable outcome or estimating the range of potential loss, if any, cannot be predicted with certainty therefore an accrual for possible contingencies related to legal controversies has not been recorded in the accompanying financial statements.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events that occurred after August 31, 2014 through the date of this report on December 30, 2014. Any material subsequent events that occurred during this time have been properly recognized or disclosed in the financial statements.

SUPPLEMENTAL DATA

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
STATEMENT OF FUNCTIONAL EXPENSES
(Supplemental Schedule)
YEAR ENDED AUGUST 31, 2014

	<u>SUPPORTING SERVICES</u>			TOTAL 2014
	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE SERVICES		
		FUNDRAISING		
Salaries and Wages	\$ 1,502,210	\$ 92,406	\$ 40,888	\$1,635,504
Payroll Taxes	189,642	11,665	5,162	206,469
Total Salary and Related Expenses	1,691,852	104,071	46,050	1,841,973
Advertising	-	2,500	-	2,500
Auto and Truck	20,185	-	-	20,185
Bank Charges and Other Fees	1,063	1,002	134	2,199
Client Expense	204,177	1,583	17	205,777
Computer Expense	48,988	3,551	854	53,393
Contract Labor	69,536	34,431	-	103,967
Development	-	669	816	1,485
Dues and Subscriptions	60	7,853	4,836	12,749
Employee Benefits	104,508	8,878	2,004	115,390
Employee Miscellaneous Expenses	12,428	10,005	41	22,474
Equipment Rentals	20,957	1,917	479	23,353
Food	198,115	8	-	198,123
Insurance	6,926	14,401	109	21,436
Licenses and Permits	126	14	-	140
Meetings	1,175	10,335	2,219	13,729
Miscellaneous	-	52	-	52
Office Supplies and Expense	29,063	4,235	774	34,072
Payroll Management Fee	52,325	3,219	1,424	56,968
Postage	2,201	614	2,026	4,841
Printing	774	368	1,964	3,106
Professional Fees	11,475	12,032	-	23,507
Professional Fees In-Kind	2,288	8,210	-	10,498
Rent	50,807	6,605	-	57,412
Residential In-Kind Rent	79,572	-	-	79,572
Telephone	47,394	3,440	2,582	53,416
Training and Development	2,461	9,549	431	12,441
Travel	4,872	6,663	3,037	14,572
Utilities	52,524	3,861	-	56,385
Total Expenses before Depreciation and Amortization	2,715,852	260,066	69,797	3,045,715
Depreciation and Amortization	26,175	46,916	-	73,091
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,742,027</u>	<u>\$ 306,982</u>	<u>\$ 69,797</u>	<u>\$3,118,806</u>

See Accompanying Independent Auditor's Report.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
STATEMENT OF FUNCTIONAL EXPENSES
(Supplemental Schedule)
YEAR ENDED AUGUST 31, 2013

	<u>SUPPORTING SERVICES</u>			TOTAL 2013
	PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE SERVICES		
		FUNDRAISING		
Salaries and Wages	\$ 1,310,029	\$ 97,655	\$ 39,082	\$1,446,766
Payroll Taxes	164,362	12,252	4,903	181,517
Total Salary and Related Expenses	1,474,391	109,907	43,985	1,628,283
Advertising	-	254	-	254
Auto and Truck	17,373	479	6	17,858
Bank Charges and Other Fees	-	2,455	-	2,455
Client Expense	210,681	2,577	142	213,400
Computer Expense	33,738	5,574	1,358	40,670
Contract Labor	137	-	919	1,056
Development	-	-	1,450	1,450
Dues and Subscriptions	2,309	6,926	249	9,484
Employee Benefits	95,751	5,760	14,086	115,597
Employee Miscellaneous Expenses	10,994	2,578	130	13,702
Equipment Rentals	15,856	858	177	16,891
Food	165,168	986	19	166,173
Insurance	17,355	4,680	-	22,035
Licenses and Permits	4,890	1,199	-	6,089
Meetings	1,241	7,183	1,679	10,103
Miscellaneous	-	14	-	14
Office Supplies and Expense	22,170	5,095	389	27,654
Payroll Management Fee	45,825	3,416	1,367	50,608
Postage	772	1,557	415	2,744
Printing	2,077	2,357	2,724	7,158
Professional Fees	-	19,578	-	19,578
Rent	38,850	936	184	39,970
Residential In-Kind Rent	78,617	840	120	79,577
Telephone	23,412	1,495	343	25,250
Training and Development	4,200	255	20	4,475
Travel	3,688	196	-	3,884
Utilities	54,017	1,191	672	55,880
Total Expenses before Depreciation and Amortization	2,323,512	188,346	70,434	2,582,292
Depreciation and Amortization	55,634	5,564	618	61,816
TOTAL FUNCTIONAL EXPENSES	\$ 2,379,146	\$ 193,910	\$ 71,052	\$2,644,108

See Accompanying Independent Auditor's Report.

FEDERAL AWARDS REPORTS

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TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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*

Board of Directors
San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery
San Antonio, Texas

I 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 The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (a nonprofit organization), which comprise the statement of financial position as of August 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 30, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered The San Antonio Lifetime Recovery, Inc. dba 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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 by governance.

My 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 my audit I did not identify any deficiencies in internal control that I 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 The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



San Antonio, Texas
December 30, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133.

Board of Directors
San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery
San Antonio, Texas

Report on Compliance for Each Major Federal Program

I have audited The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's major federal programs for the year ended August 31, 2014. The San Antonio Lifetime Recovery, Inc. dba 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's compliance.

Opinion on Each Major Federal Program

In my opinion, The San Antonio Lifetime Recovery, Inc. dba 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, 2014.

Report on Internal Control over Compliance

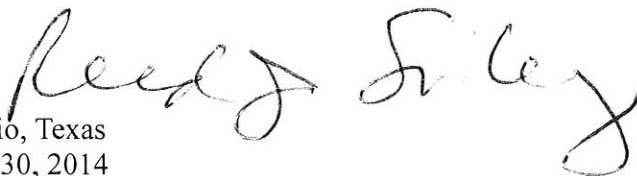
The management of The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit of compliance, I considered The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of The San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

San Antonio, Texas
December 30, 2014



SAN ANTONIO LIFETIME RECOVERY, INC.
 dba LIFETIME RECOVERY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program and Contract Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services:			
<u>Passed through Texas Department of State Health Services:</u>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	Multiple	\$ 1,552,494
Texas Medicaid Program	93.778	Multiple	117,158
Bexar County Adult Criminal Drug Court	93.243		<u>47,331</u>
Total U. S. Department of Health and Human Services			1,716,983
Department of Justice:			
<u>Passed through the Western District Courts:</u>			
Substance Abuse Blanket Purchase Agreement - US Federal Probation		0542-13-5176	176,927
Substance Abuse Blanket Purchase Agreement - US Federal Pretrial		0542-2014-0003	30,320
Travis County Drug Court		PS090055VR	53,538
Treatment Alternative to Incarceration Program (TAIP)		TDCJ-CJAD	<u>318,162</u>
Total Department of Justice			<u>578,947</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,295,930</u></u>

See accompanying notes to schedule of expenditures of federal awards.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2014

NOTE 1 – 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, (a non-profit organization) under programs of the federal government for the year ended August 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

None of the federal expenditures presented in the schedule was given to a subrecipient.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery expresses an unmodified opinion on all major federal programs.
6. There are no audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as major programs were: U. S. Department of Health and Human Services passed through Texas Department of State Health Services: Block Grant for Prevention and Treatment of Substance Abuse (CFDA Number 93.959), and Treatment Alternative to Incarceration Program (TAIP).
8. The threshold for distinguishing between Type A and Type B Programs was \$300,000.
9. San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery qualifies as a low-risk auditee.

SAN ANTONIO LIFETIME RECOVERY, INC.
dba LIFETIME RECOVERY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2014
(CONTINUED)

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no current year findings or questioned costs.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year findings or questioned costs.

Management Letter

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TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

December 30, 2014

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

In planning and performing my audit of the financial statements of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (the Organization) as of and for the twelve month period ended August 31, 2014, in accordance with auditing standards generally accepted in the United States of America, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

A significant deficiency is a deficiency, or 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.

I am pleased to report that I did not identify any deficiencies in internal control as defined above.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


Reed J. Smiley, CPA

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December 30, 2014

Mr. David Phipps
San Antonio Lifetime Recovery, Inc.
dba Lifetime Recovery
96 Crossroads Blvd.
Suite 201A
San Antonio, Texas 78201


Dear Mr. Phipps:

I enclose herewith two (2) bound copies and one (1) unbound copy of the audited financial statements of Lifetime Recovery for the fiscal year ended August 31, 2014.

If you need additional bound copies of the report, please let me know and I will be glad to forward them to you.

Thank you for allowing me to be of service to your organization again this year.

Sincerely,


Reed J. Smiley, CPA
Enclosures

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TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

December 30, 2014

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

I have audited the financial statements of San Antonio Lifetime Recovery, Inc. dba Lifetime Recovery (the Organization) for the fiscal year ended August 31, 2014, and have issued my report thereon dated December 30, 2014. Professional standards require that I provide you with the following information about my responsibilities under generally accepted auditing standards, Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated October 31, 2014. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year 2013-2014. I noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive accounting estimate affecting the financial statements is the estimated useful lives of capital assets which are reported in the organization's statements of financial position. Management's estimate is based on information currently available, and the process used to calculate this estimate should be monitored throughout the year. This estimate was reviewed and it was determined that it is reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the Organization's financial statements relates to revenue recognition. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were several audit adjustments that were made for the fiscal year 2013-2014, some of which are considered to be significant adjustments to the financial statements. Please see a copy of all audit adjustments attached to this letter. **These audit adjustments should be recorded to your organization's general ledger accounting records using a posting date of August 31, 2014.**

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated December 30, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to my retention as the Organization's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

I would like to express my appreciation for the courtesy and cooperation extended to me during the course of my audit fieldwork by all of the staff of Lifetime Recovery.

This information is intended solely for the use of the Board of Directors and management of the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


Reed J. Smiley, CPA