

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

**Financial Statements**

**August 31, 2018 and 2017**



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

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## **Independent Auditor's Report**

To the Board of Directors of  
Lifetime Recovery

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

We have audited the accompanying financial statements of Lifetime Recovery, Inc.(Lifetime Recovery)(a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lifetime Recovery as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report (Continued)

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

The prior year summarized comparative information has been derived from Lifetime Recovery's 2017 financial statements which were audited by another auditor and, in their report dated January 23, 2018, they expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2019, on our consideration of Lifetime Recovery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lifetime Recovery's internal control over financial reporting and compliance.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

April 5, 2019

## **Financial Statements**

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

Statements of Financial Position  
August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,089,142	\$ 783,081
Accounts Receivable:		
Government Contracts	495,251	321,259
Current Portion of Pledges and Contributions	27,500	120,000
Third Party Payers	27,806	11,791
Prepaid Expenses	33,874	31,735
Total Current Assets	<u>1,673,573</u>	<u>1,267,866</u>
Property and Equipment, net of accumulated depreciation and amortization	863,292	769,632
Long-term Portion of Pledges and Contributions	30,800	120,000
Other Assets	500	7,107
<b>Total Assets</b>	<b>\$ <u>2,568,165</u></b>	<b>\$ <u>2,164,605</u></b>
 <b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts Payable	\$ 63,372	\$ 70,488
Accrued Liabilities	236,120	192,852
Deferred Revenue	-	4,500
Notes Payable, Current Portion	9,728	9,376
Total Current Liabilities	<u>309,220</u>	<u>277,216</u>
Notes Payable, Long-Term Portion	15,910	25,617
<b>Total Liabilities</b>	<b><u>325,130</u></b>	<b><u>302,833</u></b>
 <b>Net Assets:</b>		
Unrestricted Net Assets:		
Board Designated - Prudent Reserve	250,000	200,000
Board Designated - Campus Expansion	50,000	50,000
Undesignated	1,500,509	1,078,645
Total Unrestricted Net Assets	<u>1,800,509</u>	<u>1,328,645</u>
Temporarily Restricted Net Assets	442,526	533,127
<b>Total Net Assets</b>	<b><u>2,243,035</u></b>	<b><u>1,861,772</u></b>
 <b>Total Liabilities and Net Assets</b>	<b>\$ <u>2,568,165</u></b>	<b>\$ <u>2,164,605</u></b>

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, 2018 (with Comparative Totals for the Year Ended August 31, 2017)

	2018			2017 Totals
	Unrestricted	Temporarily Restricted	Totals	
<b>Support and Revenues</b>				
United Way	\$ 264,675	\$ -	\$ 264,675	\$ 294,306
Texas Department of Health and Human Services Commission	2,367,774	-	2,367,774	2,100,763
Department of Family Protective Services	141,146	-	141,146	219,506
Drug Court	261,396	-	261,396	403,267
US Federal Probation and Pretrial	906,343	-	906,343	599,352
Medicaid	151,408	-	151,408	47,462
Aids Coalition	147,350	-	147,350	151,350
Private Pay Fees	76,306	-	76,306	16,875
Program - Co-Payments	107,857	-	107,857	72,655
Special Events, net of expenses of \$27,737 and \$16,753 in 2018 and 2017, respectively	59,914	-	59,914	55,203
Grant Income	147,896	-	147,896	308,038
Contributions	37,449	132,441	169,890	53,080
Miscellaneous	19,709	-	19,709	1,498
In-kind Contributions	193,166	-	193,166	157,716
Net Assets Released from Restrictions	223,042	(223,042)	-	-
<b>Total Support and Revenues</b>	<b>5,105,431</b>	<b>(90,601)</b>	<b>5,014,830</b>	<b>4,481,071</b>
<b>Expenses</b>				
Program Services	4,225,501	-	4,225,501	3,951,205
<b>Support Services:</b>				
Management and General	258,044	-	258,044	277,249
Fundraising	150,022	-	150,022	148,624
<b>Total Expenses</b>	<b>4,633,567</b>	<b>-</b>	<b>4,633,567</b>	<b>4,377,078</b>
<b>Change in Net Assets</b>	<b>471,864</b>	<b>(90,601)</b>	<b>381,263</b>	<b>103,993</b>
<b>Net Assets at Beginning of Year</b>	<b>1,328,645</b>	<b>533,127</b>	<b>1,861,772</b>	<b>1,757,779</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,800,509</b>	<b>\$ 442,526</b>	<b>\$ 2,243,035</b>	<b>\$ 1,861,772</b>

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

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

**Statement of Functional Expenses  
Year Ended August 31, 2018 (with Comparative Totals for the Year Ended August 31, 2017)**

	Program Services	Support Services		2018 Totals	2017 Totals
		Management and General	Fundraising		
Salaries and Wages	\$ 2,354,088	\$ 129,890	\$ 102,558	\$ 2,586,536	\$ 2,486,568
Payroll Taxes & Worker's Compensation Expense	213,071	6,151	7,481	226,703	258,379
Total Salaries and Related Expenses	2,567,159	136,041	110,039	2,813,239	2,744,947
Auto and Truck	16,871	167	-	17,038	13,088
Bank Charges and Other Fees	2,400	143	184	2,727	839
Client Expense	273,886	880	10	274,776	210,272
Computer Expense	89,112	4,335	1,875	95,322	60,893
Contract Labor	-	2,500	-	2,500	39,381
Denied Claims	28,115	-	-	28,115	18,579
Dues and Subscriptions	12,994	1,479	590	15,063	12,875
Employee Benefits	333,106	4,138	8,514	345,758	290,873
Employee Miscellaneous Expenses	7,261	5,607	48	12,916	19,821
Equipment Rentals	24,681	2,240	87	27,008	20,199
Food	251,375	8	-	251,383	263,960
Gain (Loss) on Disposal	11,881	1,035	115	13,031	-
Goods and Services In-Kind	51,665	50,551	3,400	105,616	72,716
Insurance	28,470	3,029	135	31,634	29,426
Interest	1,048	112	4	1,164	1,232
Licenses and Permits	666	10	1	677	13,641
Marketing and Outreach	6,549	1,015	359	7,923	4,710
Meetings	4,168	6,303	438	10,909	10,679
Office Supplies	58,220	1,828	298	60,346	31,809
Postage	1,299	143	31	1,473	1,028
Printing	320	3,263	2,530	6,113	4,590
Professional Fees	15,974	1,775	-	17,749	49,366
Rent	114,433	2,729	28	117,190	96,414
Residential Rent In-Kind	87,550	-	-	87,550	85,000
Telephone	43,142	2,565	113	45,820	56,140
Training and Development	11,055	1,168	561	12,784	12,955
Travel	28,239	8,838	3,797	40,874	20,292
Utilities	70,028	-	-	70,028	73,857
Total Expenses before Depreciation and Amortization	4,141,667	241,902	133,157	4,516,726	4,259,582
Depreciation and Amortization	83,834	16,142	16,865	116,841	117,496
<b>Total Expenses</b>	<b>\$ 4,225,501</b>	<b>\$ 258,044</b>	<b>\$ 150,022</b>	<b>\$ 4,633,567</b>	<b>\$ 4,377,078</b>

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

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

Statements of Cash Flows  
Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 381,263	\$ 103,993
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	116,841	117,496
Loss on Disposal of Property and Equipment	13,031	-
(Increase) Decrease in:		
Government Contracts	(173,992)	(50,514)
Third Party Payers	(16,015)	(1,090)
Pledges and Contributions	181,700	221,500
Prepaid Expenses	(2,139)	(11,445)
Other Assets	6,607	-
Increase (Decrease) in:		
Accounts Payable	(7,116)	18,150
Accrued Liabilities	43,268	54,523
Deferred Revenue	(4,500)	1,075
<b>Net Cash Provided by Operating Activities</b>	<u>538,948</u>	<u>453,688</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Property and Equipment	(988)	(39,931)
Construction in Progress	(222,544)	(224,119)
<b>Net Cash Used by Investing Activities</b>	<u>(223,532)</u>	<u>(264,050)</u>
<b>Cash Flows From Financing Activities:</b>		
Payments on Notes Payable	(9,355)	(9,725)
<b>Net Cash Used by Financing Activities</b>	<u>(9,355)</u>	<u>(9,725)</u>
<b>Net Increase in Cash</b>	<b>306,061</b>	<b>179,913</b>
Cash and Cash Equivalents, Beginning of Year	<u>783,081</u>	<u>603,168</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,089,142</u>	<u>\$ 783,081</u>
<b>Supplemental Disclosures:</b>		
Interest Paid	<u>\$ 1,164</u>	<u>\$ 1,232</u>

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

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

Notes to Financial Statements  
August 31, 2018 and 2017

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**Note A: Nature of Organization**

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

The specific program and services that the Organization provides include:

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

**Note B: Summary of Accounting Principles**

***Basis of Accounting***

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to three classes of net assets:

- *Unrestricted net assets* – net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
- *Permanently restricted net assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

***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.

***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated on the basis of estimates by management among the programs and support services, based primarily on the nature of the expense concerned and percentages of time allocated to these functions.

**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
August 31, 2018 and 2017

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

***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.

***Contracts Receivable***

All contracts receivable are carried at the original invoice amount, less an allowance made for impairment of these receivables. Governmental grants which are included in receivables are individually analyzed for purposes of determining collectability. At August 31, 2018 and 2017, no allowance has been determined, as all contracts are considered fully collectible.

***Property and Equipment***

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

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

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

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing the assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. The Organization did not recognize an impairment loss during the years ended August 31, 2018 or 2017.

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

Notes to Financial Statements  
August 31, 2018 and 2017

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

***Contributions and Grants***

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily restricted net assets or permanently restricted net assets, depending on the nature of the restriction. Temporarily restricted net assets are reclassified to unrestricted net assets upon expiration of the time restriction and are reported in the Statement of Activities as "Net Assets Released from Restrictions." Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. Government funding is either recorded when advances are received or when expenses are incurred, as is the case on reimbursement grants.

***In-Kind Contributions***

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

***Federal Income Taxes***

The Organization is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Contributions to the Organization are deductible to the extent allowed by law. Management of the Organization believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) for the Internal Revenue Code. There was no unrelated business income for the years ended August 31, 2018 and 2017. The Organization is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

***Local Match Funds***

The Texas 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, 2018 and 2017 amounted to **\$106,195** and \$102,697, respectively.

***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, 2018 and 2017 in the amounts of **\$127,257** and \$39,905 respectively.

**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
August 31, 2018 and 2017

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

***New Accounting Pronouncements***

In May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from contracts with Customers*, Topic 606. For not-for-profit organizations that have issued, or are conduit bond obligors for, securities traded, listed, or quoted on an exchange or an over-the-counter market, the standard is currently in effect. For all other not-for-profit organizations, the standard takes effect in annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The core principle of this pronouncement focuses on the contract between the organization and its customers for goods and services, and ultimately, the rights and obligations between the organization and the customer. Management of the Organization is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In February 2016, FASB issued ASU 2016-02, *Leases*, effective for reporting periods beginning after December 15, 2019. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will result in significant changes to financial reporting and disclosures for non-for-profit organizations and is effective for periods beginning after December 15, 2017, with early adoption permitted. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expenses by function and natural classification for all not-for-profit organizations, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. Management of the Organization is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 is effective for periods beginning after December 15, 2018, with early adoption permitted. The pronouncement clarifies the definition of an exchange transaction and contributions made and received. Management of the Organization is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

**Note C: Pledges and Contributions**

In the fiscal years ending August 31, 2018 and 2017, the Organization received pledges intended to provide support for its current capital expansion project, collections of which will subsequently extend over multiple successive years. Pledges receivable are recognized when the donor makes a promise to give to the Organization. No discount to present values has been recorded on the pledges due to the insignificance of the discount involved. Future payments will be received as follows:

2019	\$	27,500
2020		26,100
2021		2,200
2022		1,500
2023		1,000
Thereafter		-
	\$	<u>58,300</u>

**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
August 31, 2018 and 2017

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**Note D: Property and Equipment**

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

	<u>2018</u>	<u>2017</u>
Building and Improvements	\$ 436,164	\$ 478,145
Vehicles	58,812	58,812
Construction in Progress	742,679	520,135
Computer Software/Equipment	130,533	157,400
Furniture and Fixtures	<u>140,234</u>	<u>139,246</u>
Total Property and Equipment	1,508,422	1,353,738
Less: Accumulated Depreciation and Amortization	<u>(645,130)</u>	<u>(584,106)</u>
Property and Equipment, net of accumulated depreciation and Amortization	<u>\$ 863,292</u>	<u>\$ 769,632</u>

Depreciation and Amortization expense for the years ended August 31, 2018 and 2017 was **\$116,841** and \$117,496, respectively.

**Note E: Long-Term Debt**

***Line of Credit***

The Organization maintains a line of credit with Frost Bank in the amount of \$200,000. As of August 31, 2018, no amount had been drawn on the line of credit.

***Notes Payable***

In 2016, the Organization entered into promissory notes with Amegy Bank in the amount of \$26,035 and \$21,808 for purchase of vehicle. The \$26,035 note payable matures on April 28, 2021 and bears a fixed interest rate of 3.74%. The \$21,808 note payable matures on July 5, 2021 and bears a fixed interest rate of 3.74%. The total balance of the notes payable at August 31, 2018 and 2017 was **\$25,638** and \$34,993, respectively.

Future maturities of notes payable at August 31, 2018 are as follows:

2019	\$ 9,728
2020	10,097
2021	5,813
2022	-
2023	-
Thereafter	<u>-</u>
	<u>\$ 25,638</u>

**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
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**Note F: Concentrations**

***Credit Risk of Financial Instruments***

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of its cash balances held at its financial institution. The Organization maintains five bank accounts at one institution in San Antonio, Texas. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At August 31, 2018 and 2017, the Organization's cash balance at its financial institution exceeded the insured FDIC limit by **\$838,842** and \$553,282, respectively. The Organization has not experienced any losses in such account and management believes it is not exposed to a significant risk on its cash balance.

***Support and Revenues***

The Organization received approximately **92%** and 96% of total support and revenues from government contracts related funding in 2018 and 2017, respectively. The loss of funding from these contracts could reduce the Organization's ability to achieve its objectives.

**Note G: Temporarily Restricted Net Assets**

Temporarily Restricted Net Assets consisted of the following at August 31:

	<u>2018</u>	<u>2017</u>
Capital Expansion	\$ 442,526	\$ 293,127
Time Restricted	<u>-</u>	<u>240,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 442,526</u>	<u>\$ 533,127</u>

**Note H: Leases**

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

The Organization entered into a lease agreement for office space with an effective date of February 1, 2018 and expires on January 1, 2023. The amount of total rent expense related to these leases for the years ended August 31, 2018 and 2017 was **\$117,190** and \$96,414, respectively.

Future minimum rental payments due under non-cancellable operating lease agreements at August 31, 2018 are summarized as follows:

2019	\$ 97,878
2020	98,928
2021	98,928
2022	98,928
2023	<u>8,244</u>
Total	<u>\$ 402,906</u>

**San Antonio Lifetime Recovery, Inc.  
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Notes to Financial Statements  
August 31, 2018 and 2017

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**Note I: In-Kind Contribution**

***Facilities***

The Organization has a rent-free lease with Bexar County for real property it uses for its residential treatment facility on Southton Road. Management has determined that the fair market value of this in-kind contribution to be **\$87,550** and \$85,000 for the fiscal years 2018 and 2017, respectively. The donated facility has been recognized in the Statement of Activities as Residential Rent In-Kind for the years ended August 31, 2018 and 2017, respectively.

***Goods and Services***

Throughout the year the Organization receives donated goods and services mainly related to repairs and maintenance of facilities and web hosting. Accordingly, **\$105,616** and \$72,716 of donated goods and services has been recognized in the Statement of Activities as Goods and Services In-Kind for the years ended August 31, 2018 and 2017, respectively.

**Note J: Pension Plan**

The Organization established a defined contribution pension plan, which is available to all full time employees who satisfy the service requirements. A formula has been established whereby employee contributions are matched by the Organization up to a maximum of 3% of the employee's plan contributions. Employer contributions, which are reported as an expense of the Organization in the financial statements for the fiscal years 2018 and 2017, amounted to **\$68,496** and \$54,440, respectively.

**Note K: Risk Management**

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

**Note L: Commitments and Contingencies**

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

**Note M: Subsequent Events**

Subsequent events have been evaluated through April 5, 2019, which is the date the financial statements were available to be issued.