

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Austin/Travis County Sobriety Center  
Limited Government Corporation  
Austin, Texas

We have audited the accompanying financial statements of Austin/Travis County Sobriety Center Limited Government Corporation (a nonprofit organization) which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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 auditors consider 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 Austin/Travis County Sobriety Center Limited Government Corporation as of September 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Ackley & Associates, LLP*

Austin, Texas

February 1, 2022

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
STATEMENTS OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 274,399	\$ 204,124
Prepaid expenses	1,371	5,468
Total current assets	275,770	209,592
Fixed assets, net	163,478	182,643
<b>Total assets</b>	<b>\$ 439,248</b>	<b>\$ 392,235</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 14,033	\$ 101,333
Accrued payroll	68,030	69,781
Deferred revenue	2,931	-
Total current liabilities	84,994	171,114
Net assets		
Without donor restrictions	354,254	221,121
Total net assets	354,254	221,121
<b>Total liabilities and net assets</b>	<b>\$ 439,248</b>	<b>\$ 392,235</b>

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
STATEMENTS OF ACTIVITIES  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES AND OTHER SUPPORT</b>		
Grants and contracts	\$ 2,009,345	\$ 1,909,728
Contributions	51,351	10,782
Other Revenue	68	-
<b>Total revenues and other support</b>	<b>2,060,764</b>	<b>1,920,510</b>
<b>EXPENSES</b>		
Program services	1,403,177	1,127,716
Management and general	522,773	462,785
Fundraising	1,681	-
<b>Total expenses</b>	<b>1,927,631</b>	<b>1,590,501</b>
<b>CHANGE IN NET ASSETS</b>	133,133	330,009
<b>NET ASSETS</b>		
Beginning of year	221,121	(108,888)
End of year	<b>\$ 354,254</b>	<b>\$ 221,121</b>

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES</b>				
Salaries	\$ 876,667	\$ 212,618	\$ -	\$ 1,089,285
Payroll taxes and benefits	198,437	77,170	-	275,607
Total personnel costs	<u>1,075,104</u>	<u>289,788</u>	-	<u>1,364,892</u>
Office and general				
administrative expenses	207,031	12,541	-	219,572
Legal & professional fees	14,548	77,274	-	91,822
Utilities	30,279	30,278	-	60,557
Technology service	69,644	51,667	-	121,311
Depreciation	-	46,219	-	46,219
Insurance	5,451	14,628	-	20,079
Vehicle expenses	-	-	-	-
Travel expenses	1,120	378	-	1,498
Bank fees	-	-	1,681	1,681
Total expenses	<u>\$ 1,403,177</u>	<u>\$ 522,773</u>	<u>\$ 1,681</u>	<u>\$ 1,927,631</u>

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES</b>				
Salaries	\$ 688,264	\$ 168,227	\$ -	\$ 856,491
Payroll taxes and benefits	152,877	50,960	-	203,837
Total personnel costs	<u>841,141</u>	<u>219,187</u>	-	<u>1,060,328</u>
Office and general				
administrative expenses	193,652	27,196	-	220,848
Legal & professional fees	18,250	93,851	-	112,101
Utilities	39,355	39,355	-	78,710
Technology service	28,687	23,247	-	51,934
Depreciation	-	37,748	-	37,748
Insurance	4,067	22,201	-	26,268
Vehicle expenses	2,564	-	-	2,564
Travel expenses	-	-	-	-
Bank fees	-	-	-	-
Total expenses	<u>\$ 1,127,716</u>	<u>\$ 462,785</u>	<u>\$ -</u>	<u>\$ 1,590,501</u>

The accompanying notes to financial statements are an integral part of these statements.



**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 133,133	330,009
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	46,219	37,748
Changes in assets and liabilities that provided (used) cash:		
Prepaid expenses	4,097	(4,207)
Accounts payable	(87,300)	(47,650)
Accrued payroll	(1,751)	(25,144)
Deferred revenue	2,931	-
	<u>97,329</u>	<u>290,756</u>
Net cash provided by (used by) operating activities		
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(27,054)</u>	<u>(49,821)</u>
Net cash provided by (used by) investing activities	<u>(27,054)</u>	<u>(49,821)</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of loan payable	<u>-</u>	<u>(100,000)</u>
Net cash provided by (used by) financing activities	<u>-</u>	<u>(100,000)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	70,275	140,935
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>204,124</u>	<u>63,189</u>
End of year	<u>\$ 274,399</u>	<u>204,124</u>

The accompanying notes to financial statements are an integral part of these statements.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2021 AND 2020**

**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Organization

On June 28, 2017, the Travis County Commissions Court voted to approve an interlocal agreement to create a nonprofit organization, Austin/Travis County Sobriety Center Limited Government Corporation (the Organization). The city and county created a local government corporation, with board members to oversee the operation of the sobriety center. The Organization enhances public health and public safety by providing an alternative to the emergency room and jail for publicly intoxicated individuals to sober up and, when appropriate, provide a safe environment to initiate recovery. The Organization also operates under the assumed name The Sobering Center serving Austin and Travis County.

Summary of Significant Accounting Policies

**Method of Accounting:** The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP). Using this method of accounting, revenue is reported when funds are considered earned, regardless of when cash is received. Expenses and related accounts payable are reported when an obligation is incurred, regardless of when cash is disbursed. Payroll costs incurred but not payable as of year-end are reported as accrued payroll. Cash disbursed before an obligation is incurred is reported as prepaid expenses.

**Cash and Cash Equivalents:** Cash and cash equivalents consist of cash in demand deposit accounts and certificates of deposit with original maturities of less than three months.

**Fixed Assets:** Fixed assets are capitalized at cost if the value of the item is more than \$2,500 and the estimated useful service life of the item is more than one year. Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. If donors stipulate how long donated assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation expense is computed over the estimated useful service life of the asset (3 to 5 years for furniture, equipment, and vehicles, and 5 to 20 years for leasehold improvements) using the straight line method of computation. Depreciation expense reported is considered a significant accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Maintenance and repairs are charged to expenses as incurred. No reserve funds are set aside for future maintenance and repairs.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. During the year, the Organization did not adjust the carrying amount of any fixed assets.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2021 AND 2020**

**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - CONTINUED**

Summary of Significant Accounting Policies - Continued

**Net Assets Classes:** The Organization reports the following net assets classes:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*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, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization received \$0 in restricted support in the years ending September 30, 2021 and 2020.

**Income Tax Status:** The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The tax returns for the years ended September 30, 2018, and after are open to examination by federal and local authorities.

**Revenue Recognition:** In accordance with FASB ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*, contributions and grants received that are conditioned upon the Organization incurring certain qualifying costs are considered to be conditional promises to give and, therefore, are recognized as revenue as those costs are incurred. For the years ended September 30, 2021 and 2020, the grants received by the Organization were conditioned upon incurring certain qualifying costs.

**Functional Expenses:** The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses that were not directly related to program or administrative were allocated by time and effort.

**Accounting Estimates:** The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events:** The Organization has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2021 AND 2020**

**NOTE 2: CONCENTRATION**

Financial instruments which potentially subject the Organization to credit risk principally consist of cash held in financial institutions. The Organization deposits its cash with high credit quality financial institutions. At September 30, 2021, \$37,099 of the Organization's cash balance was not covered by the Federal Deposit Insurance Corporation (FDIC). It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

**NOTE 3: FIXED ASSETS**

Fixed assets consisted of the following at September 30:

	<b>2021</b>	<b>2020</b>
Leasehold improvements	\$ 190,489	\$ 185,021
Furniture and equipment	67,952	46,366
Vehicle	27,731	27,731
	286,172	259,118
Less accumulated depreciation and amortization	(122,694)	(76,475)
Fixed assets, net	\$ 163,478	\$ 182,643

Deprecation expense for the years ended September 30, 2021 and 2020, was \$46,219 and \$37,748, respectively.

**NOTE 4: COMMITMENTS – OPERATING LEASES**

The Organization entered into a ten-year lease agreement with Travis County for the Sobriety Center for \$10 per month. In addition, the Organization has leases for a vehicle, which was paid off in 2020, and equipment. The leases are treated as operating leases for accounting purposes; therefore, the lease obligations are not reported in the financial statements. The future minimum lease payments due under the leases are the following:

<u>Years Ending September 30:</u>	
2022	\$ 5,820
2023	5,820
2024	5,820
2025	120
2026	120
Thereafter	220
	\$ 17,920

Rental expense under operating leases for the years ended September 30, 2021 and 2020, was \$6,351 and \$8,914, respectively.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2021 AND 2020**

**NOTE 5 - RETIREMENT PLAN**

The Organization sponsors a 401(k) Plan for its employees. The Plan covers all full-time employees working more than 1,000 hours in the calendar year. Participants may elect to contribute from their annual salary up to Internal Revenue Code maximum amounts. The Organization contributes a match of up to 3% of each employee's salary to the Plan. During the years ended September 30, 2021 and 2020, the Organization contributed \$52,670 and \$25,696, respectively, to the Plan.

**NOTE 6 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at September 30,

	<b>2021</b>	<b>2020</b>
Financial assets at year end:		
Cash and cash equivalents	\$ 274,399	\$ 204,124
Total financial assets	274,399	204,124
Less amounts not available to be used within one year:	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 274,399	\$ 204,124

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization forecasts its future cash flows and monitors its liquidity weekly.