

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses	
Year Ended September 30, 2023	5
Year Ended September 30, 2022	6
Statements of Cash Flows	7
Notes to Financial Statements	8



## **Independent Auditors' Report**

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

### **Opinion**

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Austin/Travis County Sobriety Center Limited Government Corporation as of September 30, 2023 and 2022, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Austin/Travis County Sobriety Center Limited Government Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Austin/Travis County Sobriety Center Limited Government Corporation's ability to continue as a going concern within one year after the date that the financial statements are issued.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Austin/Travis County Sobriety Center Limited Government Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Austin/Travis County Sobriety Center Limited Government Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Austin, Texas

February 5, 2024

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
STATEMENTS OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 119,147	\$ 73,579
Grants receivable	7,155	7,035
Prepaid expenses	10,280	7,434
Total current assets	136,582	88,048
Fixed assets, net	87,749	132,679
<b>Total assets</b>	<b>\$ 224,331</b>	<b>\$ 220,727</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 1,117	\$ 5,149
Accrued payroll	55,357	26,260
Total current liabilities	56,474	31,409
Net assets		
Without donor restrictions	167,857	189,318
Total net assets	167,857	189,318
<b>Total liabilities and net assets</b>	<b>\$ 224,331</b>	<b>\$ 220,727</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, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>REVENUES AND OTHER SUPPORT</b>		
Grants and contracts	\$ 2,327,441	\$ 2,015,904
Contributions of cash and other financial assets	36,493	50,311
Contributions of nonfinancial assets	9,012	8,625
Other revenue	3,963	748
<b>Total revenues and other support</b>	2,376,909	2,075,588
<b>EXPENSES</b>		
Program services	1,758,161	1,503,581
Management and general	631,746	725,317
Fundraising	8,463	11,626
<b>Total expenses</b>	2,398,370	2,240,524
<b>CHANGE IN NET ASSETS</b>	(21,461)	(164,936)
<b>NET ASSETS</b>		
Beginning of year	189,318	354,254
End of year	\$ 167,857	\$ 189,318

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, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES</b>				
Salaries	\$ 1,059,815	\$ 397,748	\$ 4,018	\$ 1,461,581
Payroll taxes and benefits	253,187	93,644	-	346,831
Total personnel costs	<u>1,313,002</u>	<u>491,392</u>	<u>4,018</u>	<u>1,808,412</u>
Office and general				
administrative expenses	246,210	29,651	176	276,037
Legal and professional fees	70,804	26,494	1,818	99,116
Technology service	40,303	14,906	-	55,209
Utilities	57,685	11,959	703	70,347
Depreciation	-	50,545	-	50,545
Insurance	22,251	3,858	-	26,109
Travel expenses	7,906	2,941	-	10,847
Bank fees	-	-	1,748	1,748
Total expenses	<u>\$ 1,758,161</u>	<u>\$ 631,746</u>	<u>\$ 8,463</u>	<u>\$ 2,398,370</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, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES</b>				
Salaries	\$ 919,716	\$ 360,237	\$ 1,591.00	\$1,281,544
Payroll taxes and benefits	233,574	90,835	-	324,409
Total personnel costs	<u>1,153,290</u>	<u>451,072</u>	<u>1,591</u>	<u>1,605,953</u>
Office and general				
administrative expenses	230,174	29,530	8,625	268,329
Legal and professional fees	24,923	116,067	-	140,990
Technology service	44,705	34,380	-	79,085
Utilities	32,977	32,978	-	65,955
Depreciation	-	47,432	-	47,432
Insurance	12,933	12,817	-	25,750
Travel expenses	4,579	1,041	-	5,620
Bank fees	-	-	1,410	1,410
Total expenses	<u>\$ 1,503,581</u>	<u>\$ 725,317</u>	<u>\$ 11,626</u>	<u>\$2,240,524</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, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (21,461)	\$ (164,936)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	50,545	47,432
Changes in assets and liabilities that provided (used) cash:		
Grants receivable	(120)	(7,035)
Prepaid expenses	(2,846)	(6,063)
Accounts payable	(4,032)	(8,884)
Accrued payroll	29,097	(41,770)
Deferred revenue	-	(2,931)
	51,183	(184,187)
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(5,615)	(16,633)
	(5,615)	(16,633)
<b>NET INCREASE (DECREASE) IN CASH</b>	45,568	(200,820)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	73,579	274,399
End of year	\$ 119,147	\$ 73,579

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, 2023 AND 2022**

**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, 2023 AND 2022**

**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, 2023 and 2022.

**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, 2020, 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, 2023 and 2022, the grants received by the Organization were conditioned upon incurring certain qualifying costs.

**Contributions:** Gifts of cash and other assets are reported as with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions.

Donations of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donation of permanent assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. The Organization receives donations of clothing and supplies which are recorded as revenue at fair market value.

**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.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023 AND 2022**

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

Summary of Significant Accounting Policies - Continued

**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.

**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, 2023, there were no cash balances not covered by the Federal Deposit Insurance Corporation (FDIC).

**NOTE 3: FIXED ASSETS**

Fixed assets consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 190,489	\$ 190,489
Furniture and equipment	78,510	72,895
Vehicle	39,421	39,421
	<u>308,420</u>	<u>302,805</u>
Less accumulated depreciation and amortization	<u>(220,671)</u>	<u>(170,126)</u>
Fixed assets, net	<u>\$ 87,749</u>	<u>\$ 132,679</u>

Depreciation expense for the years ended September 30, 2023 and 2022, was \$50,545 and \$47,432, respectively.

**NOTE 4 - 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, 2023 and 2022, the Organization contributed \$39,017 and \$36,761, respectively, to the Plan.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER  
LIMITED GOVERNMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023 AND 2022**

**NOTE 5 - AVAILABILITY AND LIQUIDITY**

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

	<b>2023</b>	<b>2022</b>
Financial assets at year end:		
Cash and cash equivalents	\$ 119,147	\$ 73,579
Total financial assets	119,147	73,579
Less amounts not available to be used within one year:	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 119,147	\$ 73,579

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.

**NOTE 6 - CONTRIBUTED NONFINANCIAL ASSETS**

The Organization received the following contributed nonfinancial assets included in the statements of activities for the years ended September 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Medical supplies	\$ 6,951	\$ 6,794
Professional services	1,709	1,560
Clothing	352	271
	\$ 9,012	\$ 8,625

Contributed medical supplies and clothing are used for the care of the Organization's clients and are valued at the estimated retail price for similar products. Professional services, such as legal services, are used for the administrative operations of the Organization and are valued at the current rates for similar services.