

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

YEARS ENDED SEPTEMBER 30, 2024 AND 2023

**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, 2024	5
Year Ended September 30, 2023	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, 2024 and 2023, 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, 2024 and 2023, 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 12, 2025

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER
LIMITED GOVERNMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024 AND 2023**

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 40,333	\$ 119,147
Grants receivable	67,685	7,155
Prepaid expenses	6,941	10,280
Total current assets	114,959	136,582
Fixed assets, net	62,215	87,749
Total assets	\$ 177,174	\$ 224,331
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 9,355	\$ 1,117
Accrued payroll	74,226	55,357
Total current liabilities	83,581	56,474
Net assets		
Without donor restrictions	93,593	167,857
Total net assets	93,593	167,857
Total liabilities and net assets	\$ 177,174	\$ 224,331

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, 2024 AND 2023**

	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND OTHER SUPPORT		
Grants and contracts	\$ 2,670,912	\$ 2,327,441
Contributions of cash and other financial assets	22,284	36,493
Contributions of nonfinancial assets	9,122	9,012
Other revenue	26,597	3,963
Total revenues and other support	2,728,915	2,376,909
EXPENSES		
Program services	2,085,881	1,758,161
Management and general	708,217	631,746
Fundraising	9,081	8,463
Total expenses	2,803,179	2,398,370
CHANGE IN NET ASSETS	(74,264)	(21,461)
NET ASSETS		
Beginning of year	167,857	189,318
End of year	\$ 93,593	\$ 167,857

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, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Salaries	\$ 1,243,472	\$ 447,236	\$ 4,518	\$ 1,695,226
Payroll taxes and benefits	280,707	129,136	-	409,843
Total personnel costs	<u>1,524,179</u>	<u>576,372</u>	<u>4,518</u>	<u>2,105,069</u>
Bank fees	-	-	911	911
Depreciation	-	25,534	-	25,534
Insurance	23,078	4,762	-	27,840
Legal and professional fees	101,718	32,571	1,599	135,888
Office and general administrative expenses	305,128	41,531	576	347,235
Technology service	74,509	13,556	797	88,862
Travel expenses	1,487	2,326	-	3,813
Utilities	55,782	11,565	680	68,027
Total expenses	<u><u>\$ 2,085,881</u></u>	<u><u>\$ 708,217</u></u>	<u><u>\$ 9,081</u></u>	<u><u>\$ 2,803,179</u></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, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Salaries	\$ 1,059,815	\$ 397,748	\$ 4,018.00	\$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>
Bank fees	-	-	1,748	1,748
Depreciation	-	50,545	-	50,545
Insurance	22,251	3,858	-	26,109
Legal and professional fees	70,804	26,494	1,818	99,116
Office and general administrative expenses	246,210	29,651	176	276,037
Technology service	40,303	14,906	-	55,209
Travel expenses	7,906	2,941	-	10,847
Utilities	<u>57,685</u>	<u>11,959</u>	<u>703</u>	<u>70,347</u>
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
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	\$ (74,264)	\$ (21,461)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation	25,534	50,545
Changes in assets and liabilities that provided (used) cash:		
Grants receivable	(60,530)	(120)
Prepaid expenses	3,339	(2,846)
Accounts payable	8,238	(4,032)
Accrued payroll	18,869	29,097
	<u>(78,814)</u>	<u>51,183</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	-	(5,615)
	<u>-</u>	<u>(5,615)</u>
Net cash provided by (used by) investing activities	<u>-</u>	<u>(5,615)</u>
NET INCREASE (DECREASE) IN CASH	(78,814)	45,568
CASH AND CASH EQUIVALENTS		
Beginning of year	119,147	73,579
	<u>119,147</u>	<u>73,579</u>
End of year	<u>\$ 40,333</u>	<u>\$ 119,147</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, 2024 AND 2023**

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

Description of Organization

Incorporated in November 2016, Austin/Travis County Sobriety Center Limited Government Corporation (the Organization) was established under an interlocal agreement between the City of Austin, a Texas home rule municipal corporation and political subdivision of the State of Texas (the City) and Travis County, a political subdivision of the State of Texas (the County). The City and County created the local government corporation, with board members to oversee the operation of a 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, 2024 AND 2023**

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, 2024 and 2023.

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, 2021, 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, 2024 and 2023, 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, 2024 AND 2023**

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. (See Note 7)

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, 2024, 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>2024</u>	<u>2023</u>
Leasehold improvements	\$ 190,489	\$ 190,489
Furniture and equipment	78,510	78,510
Vehicle	39,421	39,421
	<u>308,420</u>	<u>308,420</u>
Less accumulated depreciation and amortization	(246,205)	(220,671)
Fixed assets, net	<u>\$ 62,215</u>	<u>\$ 87,749</u>

Depreciation expense for the years ended September 30, 2024 and 2023, was \$25,534 and \$50,545, 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, 2024 and 2023, the Organization contributed \$47,989 and \$39,017, respectively, to the Plan.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER
LIMITED GOVERNMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2024 AND 2023**

NOTE 5 - AVAILABILITY AND LIQUIDITY

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

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 40,333	\$ 119,147
Grants receivable	67,685	7,155
Total financial assets	108,018	126,302
Less amounts not available to be used within one year:	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 108,018	\$ 126,302

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, 2024 and 2023:

	2024	2023
Medical supplies	\$ 4,897	\$ 6,951
Professional services	4,225	1,709
Clothing	-	352
	\$ 9,122	\$ 9,012

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.

NOTE 7 - SUBSEQUENT EVENTS

On February 11, 2025, the Organization established a new contract with Travis County. The pass-through grant from the federal government for \$592,500, allowing for the hiring of 4 peer coaches to respond to overdoses in the local emergency rooms and offer sobering care as well as follow up peer support services in the community, is effective beginning in February 2025. A small percentage of the contract will go to support administrative costs but most of the revenue will go to direct expenses of the grant.

**AUSTIN/TRAVIS COUNTY SOBRIETY CENTER
LIMITED GOVERNMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2024 AND 2023**

NOTE 7 - SUBSEQUENT EVENTS - CONTINUED

The negotiation for the Organization's annual budget agreement with the City of Austin through the Interlocal Agreement will now be managed through the City Manager's office directly rather than through the contract manager that was Austin Public Health and is now Emergency Medical Services.

The Sip Safely contract with the City of Austin, which provided \$16,000 during the year ended September 30, 2024, expired. Management of the Organization is exploring options with the City staff and elected officials to renew that contract for 2025.