

RISE RECOVERY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To The Board of Trustees
Rise Recovery
San Antonio, Texas

I have audited the accompanying statements of financial position of Rise Recovery (a Texas nonprofit corporation) as of June 30, 2015 and 2014, 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.

Auditor's Responsibility

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

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

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

MEMBER
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
Rise Recovery
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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rise Recovery as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Michael D. Burnett, CPA
September 4, 2015

RISE RECOVERY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash-unrestricted	\$ 110,451	\$ 182,462
Cash-temporarily restricted	30,129	98,201
Total cash	<u>140,580</u>	<u>280,663</u>
Total current assets	<u>140,580</u>	<u>280,663</u>
Property and equipment:		
Building and improvements	65,530	65,530
Vehicles	46,980	62,484
Furniture and equipment	75,575	71,560
	<u>188,085</u>	<u>199,574</u>
Less accumulated depreciation	<u>(60,532)</u>	<u>(107,833)</u>
	<u>127,553</u>	<u>91,741</u>
Other assets:		
Certificate of deposit-designated as contingency fund	<u>181,801</u>	<u>181,175</u>
	<u>\$ 449,934</u>	<u>\$ 553,579</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ -	\$ 1,639
Accrued expenses	28,306	27,851
Total current liabilities	<u>28,306</u>	<u>29,490</u>
Net assets:		
Unrestricted - operations	82,145	152,972
Unrestricted - property and equipment	127,553	91,741
	<u>209,698</u>	<u>244,713</u>
Designated as contingency fund	181,801	181,175
	<u>391,499</u>	<u>425,888</u>
Temporarily restricted	30,129	98,201
	<u>421,628</u>	<u>524,089</u>
	<u>\$ 449,934</u>	<u>\$ 553,579</u>

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

**RISE RECOVERY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Unrestricted		Temporarily Restricted	Total
	Operations	Fixed Assets		
Public support and revenue:				
Public support:				
Contributions and grants	\$ 323,591	\$ -	\$ 121,912	\$ 445,503
United Way support	323,246	-		323,246
In-kind contributions	70,259	-	-	70,259
Special events-net	148,631	-	-	148,631
Interest income	638	-	-	638
Other income	12,681	-	-	12,681
Total public support	879,046	-	121,912	1,000,958
Net assets released from restrictions:				
Restrictions satisfied by payments	189,984	-	(189,984)	-
Total public support and revenue	1,069,030	-	(68,072)	1,000,958
Expenses:				
Program services:				
PDAP Younger Group	286,033	6,738		292,771
PDAP Older Group	312,628	7,494		320,122
PDAP Family Group	174,843	2,613		177,456
RISE Education/Prevention	33,706	1,687		35,393
RISE Youth Leadership	6,896	494		7,390
RISE Early Intervention	17,401	334		17,735
Total - Program Services	831,507	19,360	-	850,867
Supporting services:				
Management and general	166,878	603		167,481
Fundraising	84,178	893	-	85,071
Total expenses	1,082,563	20,856	-	1,103,419
Change in net assets	(13,533)	(20,856)	(68,072)	(102,461)
Net assets at beginning of year	334,147	91,741	98,201	524,089
Net interfund transfers in (out)	(56,668)	56,668	-	-
Net assets at end of year	<u>\$ 263,946</u>	<u>\$ 127,553</u>	<u>\$ 30,129</u>	<u>\$ 421,628</u>
Composition of unrestricted net assets:				
Operating	\$ 82,145			
Designated for contingency fund	181,801			
	<u>\$ 263,946</u>			

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

RISE RECOVERY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Unrestricted			
	Operations	Fixed Assets	Temporarily Restricted	Total
Public support and revenue:				
Public support:				
Contributions and grants	\$ 287,867	\$ -	\$ 149,970	\$ 437,837
United Way support	311,218	-	-	311,218
In-kind contributions	65,259	-	-	65,259
Special events-net	152,246	-	-	152,246
Interest income	239	-	-	239
Other income	8,477	-	-	8,477
Total public support	<u>825,306</u>	<u>-</u>	<u>149,970</u>	<u>975,276</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	112,464	-	(112,464)	-
Total public support and revenue	<u>937,770</u>	<u>-</u>	<u>37,506</u>	<u>975,276</u>
Expenses:				
Program services:				
PDAP Younger Group	215,833	2,216	-	218,049
PDAP Older Group	328,040	3,370	-	331,410
PDAP Family Group	140,122	1,441	-	141,563
RISE Education/Prevention	69,658	1,865	-	71,523
RISE Youth Leadership	3,994	47	-	4,041
RISE Early Intervention	9,177	93	-	9,270
Total - Program Services	<u>766,824</u>	<u>9,032</u>	<u>-</u>	<u>775,856</u>
Supporting services:				
Management and general	97,627	318	-	97,945
Fundraising	75,754	843	-	76,597
Total expenses	<u>940,205</u>	<u>10,193</u>	<u>-</u>	<u>950,398</u>
Change in net assets	(2,435)	(10,193)	37,506	24,878
Net assets at beginning of year	376,063	62,453	60,695	499,211
Net interfund transfers in (out)	(39,481)	39,481	-	-
Net assets at end of year	<u>\$ 334,147</u>	<u>\$ 91,741</u>	<u>\$ 98,201</u>	<u>\$ 524,089</u>
Composition of unrestricted net assets:				
Operating	\$ 152,972			
Designated for contingency fund	181,175			
	<u>\$ 334,147</u>			

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

RISE RECOVERY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services							Management and General	Fundraising	Total
	PDAP Younger Group	PDAP Older Group	PDAP Family Group	RISE Education/Prevention	RISE Youth Leadership	RISE Early Prevention	Total Programs			
Salaries	\$ 187,859	\$ 205,614	\$ 114,550	\$ 17,161	\$ 2,779	\$ 11,515	\$ 539,478	\$ 115,006	\$ 55,317	\$ 709,801
Payroll taxes	14,862	16,223	9,075	1,345	217	909	42,631	9,189	4,344	56,164
Employee benefits	20,365	20,962	11,059	1,625	272	1,052	55,335	10,810	5,150	71,295
Workers compensation insurance	378	414	230	35	6	23	1,086	231	110	1,427
Total salaries and related expenses	223,464	243,213	134,914	20,166	3,274	13,499	638,530	135,236	64,921	838,687
Auto and auto mileage	7,107	7,657	4,098	680	80	370	19,992	152	-	20,144
Dues and subscriptions	229	315	125	51	8	2	730	493	89	1,312
Equipment maintenance/rental	5,673	6,439	3,606	619	70	603	17,010	2,745	4,688	24,443
Insurance	3,413	4,104	2,338	422	59	308	10,644	1,797	1,185	13,626
Occupancy costs	25,542	28,733	15,701	2,657	380	1,504	74,517	2,017	204	76,738
Other	624	703	378	61	11	38	1,815	2,207	203	4,225
Postage	204	198	128	658	1	11	1,200	210	1,155	2,565
Printing	1,081	1,099	651	85	6	59	2,981	741	2,261	5,983
Professional services	5,454	5,767	3,269	4,464	45	319	19,318	17,671	8,628	45,617
Staff development	111	78	-	-	-	-	189	1,555	-	1,744
Supplies/program events	7,774	6,981	6,692	2,649	2,864	388	27,348	1,596	795	29,739
Telephone/internet	5,357	7,341	2,943	1,194	98	300	17,233	458	49	17,740
Total expenses before depreciation	286,033	312,628	174,843	33,706	6,896	17,401	831,507	166,878	84,178	1,082,563
Depreciation	6,738	7,494	2,613	1,687	494	334	19,360	603	893	20,856
Total expenses	\$ 292,771	\$ 320,122	\$ 177,456	\$ 35,393	\$ 7,390	\$ 17,735	\$ 850,867	\$ 167,481	\$ 85,071	\$ 1,103,419
Percent of total	26.5%	29.0%	16.1%	3.2%	0.7%	1.6%	77.1%	15.2%	7.7%	100.0%

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

RISE RECOVERY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Program Services							Management and General	Fundraising	Total
	PDAP Younger Group	PDAP Older Group	PDAP Family Group	RISE Education/Prevention	RISE Youth Leadership	RISE Early Prevention	Total Programs			
Salaries	\$ 145,369	\$ 220,896	\$ 94,414	\$ 37,931	\$ 2,652	\$ 6,186	\$ 507,448	\$ 66,619	\$ 52,212	\$ 626,279
Payroll taxes	11,470	17,433	7,389	2,973	198	476	39,939	5,252	4,048	49,239
Employee benefits	15,659	23,825	10,192	4,117	270	675	54,738	7,153	5,602	67,493
Total salaries and related expenses	172,498	262,154	111,995	45,021	3,120	7,337	602,125	79,024	61,862	743,011
Auto and auto mileage	6,079	9,249	3,955	1,596	122	257	21,258	627	491	22,376
Dues and subscriptions	439	668	286	316	8	19	1,736	201	157	2,094
Equipment maintenance/rental	2,742	4,172	1,785	721	48	119	9,587	1,253	981	11,821
Insurance	2,312	3,518	1,505	608	40	100	8,083	1,056	827	9,966
Occupancy costs	19,353	29,437	12,585	5,077	407	811	67,670	1,964	198	69,832
Other	700	1,065	456	184	12	30	2,447	1,525	250	4,222
Postage	260	395	169	68	5	11	908	119	93	1,120
Printing	451	687	293	993	9	19	2,452	281	2,078	4,811
Professional services	92	92	-	9,933	-	23	10,140	10,038	7,897	28,075
Staff development	862	1,312	561	2,500	15	37	5,287	394	308	5,989
Supplies/program events	5,918	9,003	3,850	1,553	118	250	20,692	728	570	21,990
Telephone/internet	4,127	6,288	2,682	1,088	90	164	14,439	417	42	14,898
Total expenses before depreciation	215,833	328,040	140,122	69,658	3,994	9,177	766,824	97,627	75,754	940,205
Depreciation	2,216	3,370	1,441	1,865	47	93	9,032	318	843	10,193
Total expenses	\$ 218,049	\$ 331,410	\$ 141,563	\$ 71,523	\$ 4,041	\$ 9,270	\$ 775,856	\$ 97,945	\$ 76,597	\$ 950,398
Percent of total	22.9%	34.9%	14.9%	7.5%	0.4%	1.0%	81.6%	10.3%	8.1%	100.0%

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

RISE RECOVERY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flow from operating activities:		
Change in net assets	\$ (102,461)	\$ 24,878
Noncash items included in operations:		
Depreciation expense	20,856	10,193
Net temporarily restricted net assets	68,072	(37,506)
Gain on sale of fixed assets	(8,500)	-
Effect of changes in operating working capital:		
Accounts payable and accrued expenses	(1,184)	(503)
Income tax payable	-	(3,681)
Net cash used by operating activities	(23,217)	(6,619)
 Cash flows from investing activities:		
Proceeds from sale of fixed assets	8,500	-
Investment in certificate of deposit designated as contingency fund	(626)	(226)
Purchase of property and equipment	(56,668)	(39,482)
Net cash used by investing activities	(48,794)	(39,708)
 Cash flow from financing activities:		
Net temporarily restricted net assets	(68,072)	37,506
Net cash (used) provided by financing activities	(68,072)	37,506
 Net decrease in cash	(140,083)	(8,821)
 Cash at beginning of year	280,663	289,484
 Cash at end of year	\$ 140,580	\$ 280,663
 Schedule of supplemental cash flow information:	\$ -	\$ -

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

RISE RECOVERY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 – NATURE OF ORGANIZATION

Rise Recovery (RISE) is a 12-step, faith-based nonprofit organization that offers group meetings, individual and family counseling, and fun activities that focus on healthy relationships and building life skills. In addition to recovery services for substance abuse, alcohol and drug addiction, RISE provides prevention and life skills education. RISE also works with students in middle schools, high schools, and alternative schools in the greater San Antonio area to help promote prevention. RISE was informally established in 1977 and legally incorporated in 1981. All services provided by RISE are at no charge. Support is provided by foundations, businesses, churches, individuals, and the United Way of San Antonio and Bexar County.

Direct recovery services are available to teenagers between the ages of 10 and 17, adults, family members of chemically dependent teenagers and adults, and adolescent siblings (ages 9-17) of chemically dependent teenagers or the children of adult addicts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of RISE have been prepared using accounting principles generally accepted in the United States of America. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities and required disclosures.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements for not-for-profit organizations. RISE is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Donated Services

The value of the time of unpaid volunteers who have donated significant time performing certain administrative functions is not reflected in these financial statements because it does not meet the requirements of recording under United States generally accepted accounting principles.

Allocated Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and support services based on management estimates.

Income Taxes

RISE is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

The tax returns are subject to examination by the IRS, generally for the three prior years. The IRS examined the Form 990 and Form 990-T for the year ended June 30, 2012. The examination resulted in no change.

RISE RECOVERY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets released from restrictions.

Cash

Cash consists of monies on deposit in bank accounts and on hand.

Property and Equipment

RISE capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Depreciation is computed using the straight-line method.

Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurement. Therefore, for instruments classified in levels 1 and 2 of the hierarchy, where inputs are principally based on observable market data, there is less judgment applied in arriving at a fair value measurement. For instruments classified within level 3 of the hierarchy, judgments are more significant. The Organization's financial instruments and classification within the hierarchy are identified below.

Fair value of financial instruments standards require disclosure of fair value information about financial instruments, whether or not recognized in the statement for financial position. The following methods and assumptions were used by RISE in estimating its fair value disclosures for financial instruments:

- Certificates of deposit (level 2): The carrying amount reported in the statement of financial position approximates fair value because of the short-term maturities of this instrument.

Reclassifications: Certain expenses in the 2014 functional expense schedule have been reclassified to conform to the 2015 presentation. Also, certain classifications in the 2014 statement of cash flows have been reclassified to conform to the 2015 presentation.

Subsequent Events

RISE has evaluated subsequent events through September 4, 2015, the date which the financial statements were available for issue.

RISE RECOVERY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 – CREDIT RISK CONCENTRATION

Periodically, cash balances maintained at RISE’s primary depository bank exceed federal deposit insurance limits. The Board of Trustees believes that the primary depository bank is adequately capitalized. At June 30, 2015, cash balances did not exceed the insurance limits.

NOTE 4 – CERTIFICATE OF DEPOSIT DESIGNATED AS CONTINGENCY FUND

The certificate of deposit is designated by the Board of Directors of RISE as a contingency fund. This certificate of deposit may not be expended without the express approval of the Board of Trustees. The underlying contract expires December 30, 2015.

NOTE 5 – REVENUE AND SUPPORT CONCENTRATIONS

RISE received support from United Way of San Antonio and Bexar County totaling \$323,246 and \$311,218 for the years ended June 30, 2015 and 2014, which represents 32% and 33% of total support and revenue for those years, respectively. The announced United Way allocation for the year ending June 30, 2016 is \$338,350.

NOTE 6 – SPECIAL EVENTS

For the years ended June 30, 2015 and 2014, RISE sponsored a breakfast event, and the results were as follows:

	2015	2014
Total revenue	\$ 167,404	\$ 171,817
Less direct cost	18,773	19,571
	\$ 148,631	\$ 152,246

NOTE 7 – IN- KIND OCCUPANCY CONTRIBUTIONS

Space for the Organization’s administrative offices is made available rent-free by the Baptist Health System. Space for the day centers and group meetings is made available rent-free by various churches in the San Antonio area. For the years ended June 30, 2015 and 2014, the value of the donated space was estimated to be \$70,259 and \$65,259, respectively.

NOTE 8 – RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2015 and 2014, consisted of the following:

	2015	2014
Capacity building	\$ -	\$ 27,040
Program expenses	26,460	22,514
Vehicle purchase	-	10,000
Youth leadership	-	1,080
Technology upgrades	-	1,000
Furniture	-	7,221
Eastside building	-	9,716
Westside building	-	13,585
Capital improvement to buildings	-	1,993
Other	3,669	4,052
	\$ 30,129	\$ 98,201

RISE RECOVERY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 9 – RETIREMENT PLAN

RISE sponsors a SIMPLE retirement plan for all employees who meet plan requirements. RISE matches participant contributions up to 3% of compensation. The employer contribution totaled \$4,033 and \$3,556 for the years ended June 30, 2015 and 2014, respectively.