

RISE RECOVERY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

Michael D. Burnett, CPA
15600 San Pedro Avenue, Suite 301
San Antonio, Texas 78232

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
Notes to the Financial Statements.....	9

MICHAEL D. BURNETT, CPA

A Sole Practitioner

**15600 San Pedro Avenue, Suite 301
San Antonio, Texas 78232
(210) 491-9999**

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, 2016 and 2015, 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

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, 2016 and 2015, 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
August 30, 2016

RISE RECOVERY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
Current assets:		
Cash-unrestricted	\$ 214,050	\$ 110,451
Cash-temporarily restricted	9,866	30,129
Total cash	223,916	140,580
Pledges receivable	12,860	-
State grant receivable	21,346	-
Total current assets	258,122	140,580
Property and equipment:		
Building and improvements	72,498	65,530
Vehicles	46,980	46,980
Furniture and equipment	90,715	75,575
	210,193	188,085
Less accumulated depreciation	(87,815)	(60,532)
	122,378	127,553
Other assets:		
Cash-permanently restricted endowment fund	10,000	-
Certificate of deposit-designated as contingency fund	217,384	181,801
	227,384	181,801
	\$ 607,884	\$ 449,934

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 321	\$ -
Line of credit	14,000	-
Accrued expenses	11,196	28,306
Total current liabilities	25,517	28,306
Net assets:		
Unrestricted - operations	172,739	82,145
Unrestricted - property and equipment	122,378	127,553
	295,117	209,698
Designated as contingency fund	217,384	181,801
	512,501	391,499
Temporarily restricted	59,866	30,129
Permanently restricted	10,000	-
	582,367	421,628
	\$ 607,884	\$ 449,934

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

**RISE RECOVERY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operations	Fixed Assets			
Public support and revenue:					
Public support:					
Contributions and grants	\$ 438,766	\$ -	\$ 108,010	\$ 10,000	\$ 556,776
United Way support	335,894	-			335,894
In-kind contributions	70,259	-	-	-	70,259
Special events-net	204,188	-	-	-	204,188
Program revenue	34,963	-	-	-	34,963
Interest income	593	-	-	-	593
State grant	135,598	-	-	-	135,598
Total public support	1,220,261	-	108,010	10,000	1,338,271
Net assets released from restrictions:					
Restrictions satisfied by payments	78,273	-	(78,273)	-	-
Total public support and revenue	1,298,534	-	29,737	10,000	1,338,271
Expenses:					
Program services:	911,348	25,593	-	-	936,941
Supporting services:					
Management and general	150,935	1,266	-	-	152,201
Fundraising	87,966	424	-	-	88,390
Total expenses	1,150,249	27,283	-	-	1,177,532
Change in net assets	148,285	(27,283)	29,737	10,000	160,739
Net assets at beginning of year	263,946	127,553	30,129	-	421,628
Net interfund transfers in (out)	(22,108)	22,108	-	-	-
Net assets at end of year	\$ 390,123	\$ 122,378	\$ 59,866	\$ 10,000	\$ 582,367
Composition of unrestricted net assets:					
Operating	\$ 172,739				
Designated for contingency fund	217,384				
	<u>\$ 390,123</u>				

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

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

	Unrestricted			Total
	Operations	Fixed Assets	Temporarily Restricted	
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	<u>879,046</u>	<u>-</u>	<u>121,912</u>	<u>1,000,958</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	189,984	-	(189,984)	-
Total public support and revenue	<u>1,069,030</u>	<u>-</u>	<u>(68,072)</u>	<u>1,000,958</u>
Expenses:				
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	<u>1,082,563</u>	<u>20,856</u>	<u>-</u>	<u>1,103,419</u>
Change in net assests	(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	<u>181,801</u>			
	<u>\$ 263,946</u>			

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

RISE RECOVERY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

Program Services

	PDAP Younger Group	PDAP Older Group	PDAP Family Group	RISE Education/ Prevention	RISE Youth Leadership	RISE Early Intervention	RISE Youth Recovery Community Center	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 189,335	\$ 215,005	\$ 77,267	\$ 14,574	\$ 4,312	\$ 4,442	\$ 80,223	\$ 585,158	\$ 107,799	\$ 53,464	\$ 746,421
Employee benefits	32,203	24,598	1,746	238	83	43	8,659	67,570	2,295	2,099	71,964
Workers compensation insurance	577	655	228	47	19	22	36	1,584	358	112	2,054
Payroll taxes	14,640	16,622	5,970	1,125	333	343	6,379	45,412	8,371	4,101	57,884
Total salaries and related expenses	236,755	256,880	85,211	15,984	4,747	4,850	95,297	699,724	118,823	59,776	878,323
Professional services	5,621	6,531	2,233	469	85	198	6,412	21,549	18,493	19,024	59,066
Insurance	3,167	3,505	1,326	233	80	77	170	8,558	2,048	560	11,166
Supplies/outings/program events	4,872	3,546	4,501	2,362	4,598	56	5,916	25,851	3,782	1,814	31,447
Telephone/internet	5,191	6,705	1,939	786	65	118	1,651	16,455	334	-	16,789
Postage	114	130	43	8	1	2	50	348	664	1,319	2,331
Occupancy	25,320	28,396	15,557	2,598	375	1,496	19,880	93,622	1,995	202	95,819
Equipment maintenance/rental	6,185	6,722	1,769	316	240	75	3,670	18,977	2,590	1,107	22,674
Printing	513	578	268	41	15	14	28	1,457	320	2,018	3,795
Vehicle expenses	6,609	8,292	2,137	394	228	1,011	621	19,292	14	266	19,572
Staff development	387	150	150	100	-	-	-	787	100	449	1,336
Dues/subscriptions/licnses	201	231	77	14	11	3	14	551	701	1,015	2,267
Other expenses	1,260	1,450	508	96	25	30	808	4,177	1,071	416	5,664
Total expenses before depreciation	296,195	323,116	115,719	23,401	10,470	7,930	134,517	911,348	150,935	87,966	1,150,249
Depreciation	9,033	10,106	3,387	1,129	678	451	809	25,593	1,266	424	27,283
Total expenses	\$ 305,228	\$ 333,222	\$ 119,106	\$ 24,530	\$ 11,148	\$ 8,381	\$ 135,326	\$ 936,941	\$ 152,201	\$ 88,390	\$ 1,177,532
Percent of total	25.9%	28.3%	10.1%	2.1%	0.9%	0.8%	11.5%	79.6%	12.9%	7.5%	100.0%

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

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

Program Services

	PDAP Younger Group	PDAP Older Group	PDAP Family Group	RISE Education/ Prevention	RISE Youth Leadership	RISE Early Prevention	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 187,859	\$ 205,614	\$ 114,550	\$ 17,161	\$ 2,779	\$ 11,515	\$ 539,478	\$ 115,006	\$ 55,317	\$ 709,801
Employee benefits	20,365	20,962	11,059	1,625	272	1,052	55,335	9,189	4,344	71,295
Workers compensation insurance	378	414	230	35	6	23	1,086	10,810	5,150	1,427
Payroll taxes	14,862	16,223	9,075	1,345	217	909	42,631	231	110	56,164
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
Professional services	5,454	5,767	3,269	4,464	45	319	19,318	17,671	8,628	45,617
Insurance	3,413	4,104	2,338	422	59	308	10,644	1,797	1,185	13,626
Supplies/outings/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
Postage	204	198	128	658	1	11	1,200	210	1,155	2,565
Occupancy	25,542	28,733	15,701	2,657	380	1,504	74,517	2,017	204	76,738
Equipment maintenance/rental	5,673	6,439	3,606	619	70	603	17,010	2,745	4,688	24,443
Printing	1,081	1,099	651	85	6	59	2,981	741	2,261	5,983
Vehicle expenses	7,107	7,657	4,098	680	80	370	19,992	152	-	20,144
Staff development	111	78	-	-	-	-	189	1,555	-	1,744
Dues/subscriptions/licenses	229	315	125	51	8	2	730	493	89	1,312
Other expenses	624	703	378	61	11	38	1,815	2,207	203	4,225
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%	

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

RISE RECOVERY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flow from operating activities:		
Change in net assets	\$ 160,739	\$ (102,461)
Noncash items included in operations:	-	-
Depreciation expense	27,283	20,856
Permanently restricted contributions	(10,000)	-
Effect of changes in operating working capital:		
Pledges receivable	(12,860)	-
Grants receivable	(21,346)	-
Accounts payable and accrued expenses	(16,789)	(1,184)
Net cash provided (used) by operating activities	127,027	(82,789)
Cash flows from investing activities:		
Investment in certificate of deposit designated as contingency fund	(35,583)	(626)
Investment in permanently restricted endowment fund	(10,000)	-
Purchase of property and equipment	(22,108)	(56,668)
Net cash used by investing activities	(67,691)	(57,294)
Cash flow from financing activities:		
Proceeds from line of credit	14,000	-
Proceeds from permanently restricted net assets	10,000	-
Net cash provided by financing activities	24,000	-
Net increase (decrease) in cash	83,336	(140,083)
Cash at beginning of year	140,580	280,663
Cash at end of year	\$ 223,916	\$ 140,580
Schedule of supplemental cash flow information:		
Cash paid for interest	\$ 710	\$ -

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

RISE RECOVERY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016 AND 2015

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 and Cash Equivalents

Cash and cash equivalents consists of monies on deposit in bank accounts and on hand and investments with an initial current maturity of three months or less.

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.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursed contracts. The contract activity is subject to audit by the granting agency or authorized representatives. Any findings could result in disallowance of expenditures under the contract.

Subsequent Events

RISE has evaluated subsequent events through August 30, 2016, the date which the financial statements were available for issue.

**RISE RECOVERY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

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, 2016, 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 certificate of deposit earns interest at an annual rate of .35%. The underlying contract expires December 16, 2016.

NOTE 5 – LINE OF CREDIT

During the year, the Organization entered into a line of credit agreement with Frost Bank. Terms of the agreement include borrowings not to exceed \$25,000 with interest due monthly at money center prime plus 1.25% (4.75% at June 30, 2016). Equipment and furniture serve as collateral to the agreement. The agreement expires on October 16, 2016.

NOTE 6 – REVENUE AND SUPPORT CONCENTRATIONS

RISE received support from United Way of San Antonio and Bexar County totaling \$335,894 and \$323,246 for the years ended June 30, 2016 and 2015, which represents 25% and 32% of total support and revenue for those years, respectively. The announced United Way allocation for the year ending June 30, 2017 is \$337,292.

NOTE 7 – SPECIAL EVENTS

For the years ended June 30, 2016 and 2015, RISE sponsored a breakfast event, and the results were as follows:

	2016	2015
Total revenue	\$ 235,165	\$ 167,404
Less direct cost	30,977	18,773
	\$ 204,188	\$ 148,631

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2016 and 2015, consisted of the following:

	2016	2015
Phone System	\$ 5,000	\$ -
Program expenses for next year	54,866	26,460
Capital improvement to buildings	-	3,669
	\$ 59,866	\$ 30,129

NOTE 9 – 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

RISE RECOVERY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 9 – IN- KIND OCCUPANCY CONTRIBUTIONS (continued)

churches in the San Antonio area. For the years ended June 30, 2016 and 2015, the value of the donated space was estimated to be \$70,259 annually.

NOTE 10 – ENDOWMENT NET ASSETS

On December 31, 2015, the Organization received a \$10,000 gift that the donor stipulated be held in perpetuity as an endowment. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The amount was held in a money market account until such time as an investment plan and account may be established.

NOTE 11 – 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 \$7,084 and \$4,033 for the years ended June 30, 2016 and 2015, respectively.

NOTE 12 – TEXAS DEPARTMENT OF STATE HEALTH SERVICES CONTRACT

During the year ended June 30, 2016, the Organization entered into a contract with the Texas Department of State Health Services to provide recovery treatment services for youth between the ages of 13-21. The contract term is September 1, 2015 to August 31, 2016 and may be extended on an annual basis for four additional years. Fees billed by the Organization are based on allowable cost incurred. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. The grant activity for the year was as follows:

Billed fees	<u>\$ 135,598</u>
Expenditures:	
Contract direct cost	\$ 110,924
Indirect costs	12,654
Contract capital cost	<u>11,666</u>
Total costs	<u>\$ 135,244</u>