

# Restore Addiction Recovery

Financial Statements  
December 31, 2022

Cohen & Co

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RESTORE ADDICTION RECOVERY

DECEMBER 31, 2022

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## Independent Accountants' Review Report

Board of Directors  
Restore Addiction Recovery

We have reviewed the accompanying financial statements of Restore Addiction Recovery (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***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.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Restore Addiction Recovery and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### ***Accountants' Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Akron, Ohio  
February 7, 2023

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## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

## ASSETS

## CURRENT ASSETS

Cash	\$ 741,909
Accounts receivable	37,328
Investments	<u>1,028,620</u>
	1,807,857

## PROPERTY AND EQUIPMENT - NET

4,195,737\$ 6,003,594

## LIABILITIES AND NET ASSETS

ACCOUNTS PAYABLE AND ACCRUED EXPENSES \$ 5,363

NET ASSETS WITHOUT DONOR RESTRICTIONS 5,998,231\$ 6,003,594

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

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 738,218	\$	\$ 738,218
In-kind contributions of property and equipment	153,522		153,522
Program service revenue	469,631		469,631
Investment return - Net	(16,190)		(16,190)
Total support and revenue	<u>1,345,181</u>		<u>1,345,181</u>
EXPENSES			
Program	688,733		688,733
Management and general	167,844		167,844
Fundraising	16,491		16,491
	<u>873,068</u>		<u>873,068</u>
CHANGE IN NET ASSETS	472,113		472,113
NET ASSETS - BEGINNING OF YEAR	<u>5,526,118</u>		<u>5,526,118</u>
NET ASSETS - END OF YEAR	<u>\$ 5,998,231</u>	<u>\$</u>	<u>\$ 5,998,231</u>

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

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	TOTAL
Salaries and wages	\$ 307,253	\$ 93,264	\$	\$ 400,517
Payroll taxes and fringe benefits	<u>32,363</u>	<u>9,339</u>	<u>                    </u>	<u>41,702</u>
	<u>339,616</u>	<u>102,603</u>	<u>                    </u>	<u>442,219</u>
Auto	31,181			31,181
Bank charges and fees		11,174		11,174
Insurance	92,164	4,456		96,620
Kitchen and food	24,515			24,515
Marketing and fundraising		18,743	16,491	35,234
Professional fees	11,268	6,186		17,454
Assistance to program participants	11,003			11,003
Facilities	79,556	11,730		91,286
Travel and meals and entertainment	<u>                    </u>	<u>4,362</u>	<u>                    </u>	<u>4,362</u>
	<u>249,687</u>	<u>56,651</u>	<u>16,491</u>	<u>322,829</u>
Depreciation	<u>99,430</u>	<u>8,590</u>	<u>                    </u>	<u>108,020</u>
	<u>\$ 688,733</u>	<u>\$ 167,844</u>	<u>\$ 16,491</u>	<u>\$ 873,068</u>

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

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

CASH FLOW PROVIDED FROM OPERATING ACTIVITIES	
Change in net assets	\$ 472,113
Noncash items included in operations:	
Depreciation and amortization	108,020
In-kind contributions of property and equipment	(153,522)
Unrealized and realized losses on investments - Net	19,218
Increase (decrease) in cash caused by changes in current items:	
Accounts receivable	(20,234)
Accounts payable and accrued expenses	3,687
Net cash flow provided from operating activities	<u>429,282</u>
CASH FLOW USED IN INVESTING ACTIVITIES	
Purchase of property and equipment	(190,784)
Purchase of investments	(20,205)
	<u>(210,989)</u>
NET INCREASE IN CASH	218,293
CASH - BEGINNING OF YEAR	<u>523,616</u>
CASH - END OF YEAR	<u>\$ 741,909</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Restore Addiction Recovery (the Organization) was established and incorporated as an Ohio non-profit corporation in 2017. The Organization offers a long-term addiction recovery program that is Christ centered, biblically based, and clinically supported to transform the lives of those struggling with drug and alcohol addiction.

COVID-19 Impact

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and its financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which it operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

New Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is applicable for the Organization's year ended December 31, 2022. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

Revenue RecognitionRevenue from Exchange Transactions

The Organization's revenues from contracts with customers consists primarily of the augmentation of customers' workforce with the Organization's contingent employees performing services under the customer's supervision. Contracts with customers are generally short-term in nature, and billings are negotiated and invoiced on a per-hour or per-unit basis as the services are transferred to the customer.

Revenues are recognized at a point in time when control of the promised services are transferred to customers, in an amount that reflects the consideration that is expected to be received in exchange for those services. Total revenue recognized under contracts with customers for the year ended December 31, 2022, amounted to \$469,631.

Accounts receivable from contracts with customers amounted to \$37,328 at December 31, 2022. Accounts receivables from contracts with customers amounted to \$17,094 at January 1, 2022.



## NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)Contributions

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Conditional promises to give - that is, those with measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Donated goods and services are recorded at their fair value at the time of donation as contributions and grants on the statement of activities.

During 2022, The Organization purchased a property, for the purposes of expanding its program capacity, for \$109,928, at a below-market, discounted price. The Organization recognized an in-kind contribution for the fair market value of the property over the purchase price. The value was assessed based on an appraisal of the property and was determined to be \$263,450. Accordingly, the Organization recorded an in-kind contribution of \$153,522 on the accompanying statement of activities.

Cash

Cash consists primarily of cash in checking and savings accounts. The Organization, at times, maintains cash balances in excess of federally insured limits.

Receivables and Credit Policies

Receivables include program service fees. These amounts are due under various payment terms.

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectability. When receivables are determined to be uncollectible, they are written off against the allowance for doubtful accounts. There was no allowance recorded by the Organization at December 31, 2022.

## NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Net

Purchased assets are recorded at cost at the date of acquisition or fair value at the date of donation. Routine maintenance, repairs, and minor renewals and replacement of the assets are expensed. Expenditures that significantly increase values, change capacities, or extend useful lives are capitalized.

Depreciation and amortization of property and equipment is provided by use of the straight-line method over the following estimated useful lives of the assets:

Land improvements	15 - 30 years
Buildings	39 years
Furniture and fixtures	5 - 10 years
Equipment	7 years
Vehicles	5 years

Property and equipment - net consisted of the following at December 31, 2022:

Land and land improvements	\$	614,541
Buildings		3,647,616
Furniture and fixtures		66,963
Equipment		71,007
Vehicles		<u>7,723</u>
		4,407,850
Less: Accumulated depreciation and amortization		<u>212,113</u>
	\$	<u>4,195,737</u>

Depreciation expense for the year ended December 31, 2022, amounted to \$108,020.

Investments

Investments at December 31, 2022, are carried at fair value and consist of money market funds. Investments in securities with readily determinable fair values are reported at quoted market values. Realized and unrealized gains or losses are reflected in the accompanying statement of activities.

Use of Accounting Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from estimates that were used, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be material.

## NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. As of and during the year ended December 31, 2022, the Organization did not have a liability for unrecognized tax benefits.

Concentration of Risk

During 2022, one customer accounted for approximately 16% of total support and revenue. At December 31, 2022, three customers accounted for approximately 90% of total accounts receivable.

Functional Allocation of Expenses

The statement of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and fringe benefits, marketing and fundraising, and facilities, which are allocated on the basis of estimates of time and effort.

Subsequent Events

Management has evaluated subsequent events through February 7, 2023, the date the financial statements were available to be issued.

## 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of general expenditure requirements in short-term investments. To help with unanticipated liquidity needs, the Organization has investments without donor restrictions at December 31, 2022, of \$1,028,620, which can be drawn upon if necessary. The Organization's financial assets available to meet cash needs for general expenditures within one year was as follows at December 31, 2022:

Cash	\$ 741,909
Accounts receivable	37,328
Investments	<u>1,028,620</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,807,857</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 3. INVESTMENTS

The various inputs that may be used to determine the fair value of the Organization's assets are summarized in three broad levels:

- Level 1 Quoted prices in active markets for identical securities
- Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 Significant unobservable inputs (including the Organization's own assumptions used to determine value)

Money market funds are measured at the daily closing price as reported by the fund. The money market funds are deemed to be actively traded.

Assets measured at fair value are comprised of the following at December 31, 2022:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ <u>1,028,620</u>	\$ _____	\$ _____

The Organization did not hold any Level 2 or 3 assets during 2022.