

# Alpha Home, Inc.

## Financial Statements and Compliance Report

August 31, 2021 and 2020



# Alpha Home, Inc.

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## **Independent Auditor's Report**

To the Board of Directors of  
Alpha Home, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Alpha Home, Inc. (Alpha Home) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alpha Home as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report (Continued)

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### **Report on Summarized Comparative Information**

We have previously audited Alpha Home's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2022, on our consideration of Alpha Home's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alpha Home's internal control over financial reporting and compliance.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

January 8, 2022

## **Financial Statements**

## Alpha Home, Inc.

### Statements of Financial Position August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b><i>Current Assets:</i></b>		
Cash and Cash Equivalents	\$ 720,881	\$ 743,228
Accounts Receivable	12,500	-
Contracts Receivable	108,285	142,328
Prepaid Expenses and Other Assets	10,334	1,267
Investments	<u>660,085</u>	<u>559,470</u>
<b><i>Total Current Assets</i></b>	<b>1,512,085</b>	<b>1,446,293</b>
Property and Equipment, Net of Accumulated Depreciation	<u>297,846</u>	<u>336,209</u>
<b>Total Assets</b>	<b>\$ <u>1,809,931</u></b>	<b>\$ <u>1,782,502</u></b>
<b>Liabilities and Net Assets</b>		
<b><i>Current Liabilities:</i></b>		
Accounts Payable	\$ 15,864	\$ 32,600
Accrued Liabilities	3,955	3,925
Accrued Interest on Paycheck Protection Program Loan	<u>1,938</u>	<u>1,996</u>
<b><i>Total Current Liabilities</i></b>	<b>21,757</b>	<b>38,521</b>
Paycheck Protection Program Loan	<u>462,250</u>	<u>564,700</u>
<b><i>Total Liabilities</i></b>	<b><u>484,007</u></b>	<b><u>603,221</u></b>
<b><i>Net Assets:</i></b>		
Without Donor Restrictions	1,214,624	999,281
With Donor Restrictions	<u>111,300</u>	<u>180,000</u>
<b><i>Total Net Assets</i></b>	<b><u>1,325,924</u></b>	<b><u>1,179,281</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>1,809,931</u></b>	<b>\$ <u>1,782,502</u></b>

The Accompanying Notes are an Integral Part of These Financial Statements.

# Alpha Home, Inc.

## Statement of Activities

Year Ended August 31, 2021 (with Comparative Totals for the Year Ended August 31, 2020)

	2021			2020 Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
<b>Support and Revenues</b>				
<b>Support:</b>				
Grants and Contributions	\$ 254,190	\$ 145,000	\$ 399,190	\$ 689,688
United Way of San Antonio and Bexar County	124,111	-	124,111	116,871
In-Kind Contributions	421,638	-	421,638	366,094
Gain on Extinction of Debt - Forgiven Paycheck Protection Program Loan	566,696	-	566,696	-
Special Events, net of expenses of \$44,873 and \$38,986 in 2021 and 2020, respectively	101,068	-	101,068	93,532
<b>Revenues:</b>				
Program Fees and Contracts from Government Agencies	1,484,041	-	1,484,041	2,192,429
Investment Income, net of fees of \$6,132 and \$5,409 in 2021 and 2020, respectively	100,615	-	100,615	42,679
Other Income	4,080	-	4,080	19,280
Gain on Proceeds from Insurance	-	-	-	2,708
Net Assets Released from Restrictions	213,700	(213,700)	-	-
<b>Total Support and Revenues</b>	<b>3,270,139</b>	<b>(68,700)</b>	<b>3,201,439</b>	<b>3,523,281</b>
<b>Expenses</b>				
<b>Program Services:</b>				
Residential Services	1,516,675	-	1,516,675	1,753,807
Outpatient Services	320,806	-	320,806	400,329
Family First Program	165,145	-	165,145	559,537
Recovery Support Services	257,135	-	257,135	130,816
<b>Support Services:</b>				
Management and General	634,520	-	634,520	564,569
Fundraising	160,515	-	160,515	178,172
<b>Total Expenses</b>	<b>3,054,796</b>	<b>-</b>	<b>3,054,796</b>	<b>3,587,230</b>
<b>Change in Net Assets</b>	<b>215,343</b>	<b>(68,700)</b>	<b>146,643</b>	<b>(63,949)</b>
<b>Net Assets at Beginning of Year</b>	<b>999,281</b>	<b>180,000</b>	<b>1,179,281</b>	<b>1,243,230</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,214,624</b>	<b>\$ 111,300</b>	<b>\$ 1,325,924</b>	<b>\$ 1,179,281</b>

The Accompanying Notes are an Integral Part of These Financial Statements.

# Alpha Home, Inc.

## Statement of Functional Expenses

Year Ended August 31, 2021 (with Comparative Totals for the Year Ended August 31, 2020)

	Program Services					Support Services			2021 Totals	2020 Totals
	Residential Services	Outpatient Services	Family First Program	Recovery Support Services	Total Program Services	Management and General	Fundraising	Total Support Services		
Salaries and Wages	\$ 789,299	\$ 182,804	\$ 110,970	\$ 124,238	\$ 1,207,311	\$ 319,510	\$ 85,385	\$ 404,895	\$ 1,612,206	\$ 2,176,318
Payroll Taxes	55,105	17,145	8,155	8,866	89,271	18,262	6,401	24,663	113,934	150,316
Employee Health and Fringe Benefits	51,600	22,823	4,723	7,265	86,411	33,880	5,385	39,265	125,676	173,686
Total Salaries and Related Expenses	896,004	222,772	123,848	140,369	1,382,993	371,652	97,171	468,823	1,851,816	2,500,320
<b>Other Operating Expenses:</b>										
Advertising and Marketing	-	-	-	-	-	7,644	994	8,638	8,638	13,891
Bank, Credit Card, and Transaction Fees	44	-	-	-	44	11,896	7,111	19,007	19,051	17,537
Bad Debt Expense	-	1,212	345	108	1,665	1,782	-	1,782	3,447	17,777
Building Maintenance	26,157	6,036	-	4,024	36,217	3,018	1,006	4,024	40,241	48,606
Client Support	56,530	-	2,008	40,868	99,406	2,214	-	2,214	101,620	148,426
Conferences/Travel	2,241	1,080	-	2,220	5,541	444	-	444	5,985	8,718
Contractual Services	1,250	-	-	-	1,250	107,634	15,000	122,634	123,884	52,148
Equipment Rental and Maintenance	15,294	3,532	3,812	2,382	25,020	5,825	1,369	7,194	32,214	40,315
In-Kind Expenses	296,038	36,494	21,288	18,976	372,796	36,571	12,271	48,842	421,638	366,094
Information Technology	44,004	9,976	4,246	17,909	76,135	19,926	7,909	27,835	103,970	38,391
Insurance	24,516	5,889	2,803	3,845	37,053	10,474	2,464	12,938	49,991	43,829
Interest Expense	-	-	-	-	-	2,073	-	2,073	2,073	1,996
Licenses and Fees	3,926	-	-	60	3,986	1,452	-	1,452	5,438	4,397
Memberships and Subscriptions	35	-	-	-	35	6,187	1,340	7,527	7,562	6,443
Organizational Relations and Miscellaneous	3,007	34	-	331	3,372	3,437	2,583	6,020	9,392	35,455
Office Supplies	5,029	925	-	2,033	7,987	10,709	808	11,517	19,504	17,607
Postage and Shipping	7	-	-	-	7	676	536	1,212	1,219	2,792
Printing	-	-	-	-	-	63	1,636	1,699	1,699	2,754
Rent	14,029	3,249	1,972	2,208	21,458	5,680	1,482	7,162	28,620	28,805
Staff Training	645	480	22	614	1,761	3,170	75	3,245	5,006	8,803
Telecommunication	31,075	6,779	4,801	6,288	48,943	10,818	3,035	13,853	62,796	55,461
Utilities	42,741	9,863	-	6,576	59,180	4,932	1,644	6,576	65,756	78,655
Total Other Operating Expenses	566,568	85,549	41,297	108,442	801,856	256,625	61,263	317,888	1,119,744	1,038,900
Total Expenses Before Depreciation	1,462,572	308,321	165,145	248,811	2,184,849	628,277	158,434	786,711	2,971,560	3,539,220
Depreciation	54,103	12,485	-	8,324	74,912	6,243	2,081	8,324	83,236	48,010
<b>Total Expenses</b>	<b>\$ 1,516,675</b>	<b>\$ 320,806</b>	<b>\$ 165,145</b>	<b>\$ 257,135</b>	<b>\$ 2,259,761</b>	<b>\$ 634,520</b>	<b>\$ 160,515</b>	<b>\$ 795,035</b>	<b>\$ 3,054,796</b>	<b>\$ 3,587,230</b>

The Accompanying Notes are an Integral Part of These Financial Statements.



## Alpha Home, Inc.

### Statements of Cash Flows Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 146,643	\$ (63,949)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	83,236	48,010
Bad Debt Expense	3,447	17,777
Loss on Disposal of Vehicle	-	11,701
Gain on Extinguishment of Debt - Forgiven Paycheck Protection Program Loan	(566,696)	-
Realized and Unrealized (Gain) on Investments	(93,087)	(35,340)
(Increase) Decrease in:		
Accounts Receivable	(12,500)	-
Contracts Receivable	30,596	41,312
Prepaid Expenses and Other Assets	(9,067)	14,552
Increase (Decrease) in:		
Accounts Payable	(16,736)	(1,968)
Accrued Liabilities	30	(2,859)
Accrued Interest on Paycheck Protection Program Loan	1,938	1,996
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(432,196)</u>	<u>31,232</u>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from Sale of Investments	236,734	322,102
Purchase of Investments	(236,734)	(203,340)
Reinvestment of Investment Proceeds, Dividends and Interest	(7,528)	2,734
Purchase of Property and Equipment	(44,873)	(22,221)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(52,401)</u>	<u>99,275</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Paycheck Protection Program Loan	462,250	564,700
<b>Net Cash Provided by Financing Activities</b>	<u>462,250</u>	<u>564,700</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(22,347)</b>	<b>695,207</b>
Cash and Cash Equivalents, Beginning of Year	<u>743,228</u>	<u>48,021</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 720,881</u>	<u>\$ 743,228</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### Note A: Nature of Organization

Alpha Home, Inc. (Alpha Home) is a nonprofit corporation chartered in 1966. The mission of Alpha Home is to offer a pathway of help, hope, and healing through spiritually based drug and alcohol treatment and support. Alpha Home's vision is to provide the resources for every client to build a future of long term recovery. Alpha Home lives by its core values of Spirituality, Compassion, Integrity, and Respect.

The specific program and services that Alpha Home provides include:

- Residential Services - clients live on-site while being closely supervised. Alpha Home provides medical and mental health assessments, treatment for dual dependencies, individual and group counseling, addiction and recovery education, family counseling, extensive case management, parenting discussions, trauma counseling, anger resolution, art activities, recovery planning, introduction to 12-step support groups, and peer support.
- Outpatient Services - outpatient programs are designed for clients who are in need of treatment, but who also have the skills and support to recover without the need for residential services. Clients live off-site and attend group and individual sessions on-site.
- Recovery Support Services – provides for the engagement and linking of individuals prior to, during and after treatment and providing recovery support services to build recovery capital, with a goal of extending the reach of traditional treatment services beyond the clinical setting into the everyday environment of those seeking to achieve or sustain recovery from Substance Use Disorders (SUD).
- Family First Program - Family First is an intervention and education service previously funded by the Texas Health and Human Services Commission (HHSC). Family First focuses on pregnant and parenting women at risk of substance abuse and/or domestic violence. Family First is a network of treatment service providers specializing in medical care, counseling, education, parental support, pediatric care, transportation support, and more. The program also supports fathers of young children.

### Note B: Summary of Accounting Principles

#### ***Basis of Accounting***

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of Alpha Home generally are not considered “restricted” under GAAP, though for internal reporting Alpha Home tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.
- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than Alpha Home's mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### **Note B: Summary of Accounting Principles (Continued)**

#### ***Fair Value Measurements***

The Fair Value Measurements and Disclosures Topic of the FASB ASC, 820-10, defines fair value, establishes a three level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- *Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that Alpha Home has the ability to access.
- *Level 2* - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
- *Level 3* - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

#### ***Fair Value of Financial Instruments***

Alpha Home's financial instruments include cash and cash equivalents, receivables, investments, and payables. The carrying amount of these financial instruments, except for investments (see **Note F**), as reflected in the Statements of Financial Position approximates fair value.

#### ***Methods Used for Allocation of Expenses among Program and Support Services***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses which can be directly identified with specific programs are allocated to those programs. Any expenses not directly chargeable are allocated to programs and supporting service classifications on an indirect basis according to management estimates. For example, salaries and wages for the majority of Alpha Home's staff are directly charged to specific grants, contracts, and other activities if readily identifiable. Occupancy expenses such as utilities, maintenance, and rent and security services are allocated directly and indirectly based on square footage.

#### ***Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

For purposes of reporting cash flows, Alpha Home considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

## **Alpha Home, Inc.**

Notes to Financial Statements  
August 31, 2021 and 2020

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### **Note B: Summary of Accounting Principles (Continued)**

#### ***Contracts Receivable***

Contracts Receivable are principally due from government contracts and other funding sources and are recorded based on amounts considered by management to be realizable. All contracts receivable are carried at the original invoice amount, less an allowance made for impairment of these receivables. Government grants which are included in Contracts Receivable in the Statements of Financial Position are individually analyzed for purposes of determining collectability. At August 31, 2021 and 2020, no allowance has been determined as all contracts are considered fully realizable.

#### ***Investments***

Investments are carried at fair value based on quoted market prices for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or fair value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Investment income and gains restricted by a donor are reported as increases in Net Assets Without Donor Restrictions if the restrictions are met (either by passage of time or by use in the reporting period in which the income are gains are reported).

#### ***Advertising Costs***

Advertising costs are expensed as incurred. Advertising expenses for the years ending August 31, 2021 and 2020 were **\$8,182** and **\$7,365**, respectively.

#### ***Property and Equipment***

Alpha Home capitalizes all expenditures for property and equipment in excess of \$2,500. Property and equipment are stated at cost or at their estimated market value at the date of receipt from donors. Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years.

#### ***Revenue and Revenue Recognition***

##### Contributions and Grants

Alpha Home recognizes contributions and grants received as revenue in the year received or unconditionally promised. Contributions and grants received are recorded as support Without Donor Restrictions or With Donor Restrictions depending on the existence or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in Net Assets Without Donor Restrictions. All other donor restricted support is reported as an increase in Net Assets With Donor Restrictions. Net Assets With Donor Restrictions are reclassified to Net Assets Without Donor Restrictions upon expiration of the time or purpose restriction and are reported in the Statement of Activities as Net Assets Released from Restrictions. Restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### Note B: Summary of Accounting Principles (Continued)

#### *Revenue Recognition (Continued)*

##### Program Fees and Contracts from Government Agencies

Program Fees and Contracts from Government Agencies revenue in the Statement of Activities primarily consists of government contract revenue administered through the Texas Health and Human Services Commission. Government contract revenue is recorded when expenses are incurred, as is the case on the reimbursement contracts administered through the Texas Health and Human Services Commission. Revenue derived from other contract services and insurance providers is recognized in the period it is earned.

#### *In-Kind Contributions*

Donated facilities, goods, and professional services are valued based on their estimated fair market value on the date of contribution. For additional information, refer to disclosure at **Note K**.

#### *Federal Income Taxes*

Alpha Home is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Contributions to Alpha Home are deductible to the extent allowed by law. Management of Alpha Home believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. In addition, Alpha Home has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) for the Internal Revenue Code. There was no unrelated business income for the years ended August 31, 2021 and 2020. Alpha Home is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

#### *Recently Issued Accounting Pronouncements*

##### Adopted During 2021

In May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, Topic 606. For not-for-profit organizations that have issued, or are conduit bond obligors for, securities traded, listed, or quoted on an exchange or an over-the-counter market, the standard is currently in effect. For all other not-for-profit organizations, the standard takes effect in annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. On June 3, 2020, The FASB issued a one year delay for the effective date of this standard for entities that have not yet issued financial statements or made financial statements available for issuance as of June 3, 2020 reflecting adoption of ASC 606. The core principle of this pronouncement focuses on the contract between the organization and its customers for goods and services, and ultimately, the rights and obligations between the organization and the customer. Alpha Home adopted the new provisions of this standard during the year ended August 31, 2021. There were no significant effects on the financial statements and related disclosures.

##### Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management of Alpha Home expects the impact to operations to be minimal and is currently evaluation the effect this pronouncement will have on the financial statements and related disclosures.

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### Note B: Summary of Accounting Principles (Continued)

#### Recently Issued Accounting Pronouncements (Continued)

##### Future Adoption (Continued)

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management of Alpha Home expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

#### Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Alpha Home's financial statements for the year ended August 31, 2020 from which the summarized information was derived.

### Note C: Liquidity and Availability

The following represents Alpha Home's financial assets at August 31, 2021 and 2020 available to meet general expenditures over the next twelve months:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and Cash Equivalents	\$ 720,881	\$ 743,228
Accounts Receivable	12,500	-
Contracts Receivable	108,285	142,328
Short-Term Investments	<u>660,085</u>	<u>559,470</u>
Total Financial Assets	<u>\$ 1,501,751</u>	<u>\$ 1,445,026</u>

Less those unavailable for general expenditures over the next twelve months due to:

Net Assets with Donor Restrictions	\$ 111,300	\$ 180,000
Less net assets with timing restrictions to be met over the next twelve months	<u>-</u>	<u>-</u>
	<u>111,300</u>	<u>180,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,390,451</u>	<u>\$ 1,265,026</u>

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### Note C: Liquidity and Availability (Continued)

Alpha Home regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Alpha Home has various resources of liquidity at its disposal, including cash and cash equivalents, investments, and various receivables. In addition to the financial assets available to meet general expenditures within one year, Alpha Home operates a balanced budget and anticipates earned revenues and annual support contributions sufficient to cover general expenditures not provided by other donor restricted sources.

### Note D: Contracts Receivable

Contracts Receivable are due from the following at August 31:

	<u>2021</u>	<u>2020</u>
Texas Health and Human Services Commission	\$ 62,388	\$ 102,546
Courts and Pre-Trial Services	20,438	16,625
Bexar County, Insurance, and Individuals	<u>25,459</u>	<u>23,157</u>
Total Contracts Receivable	<u>\$ 108,285</u>	<u>\$ 142,328</u>

### Note E: Investments

Investments at August 31 are summarized as follows:

	<u>2021</u>		
	<u>Cost</u>	<u>Market</u>	<u>Carrying Value</u>
Cash and Cash Equivalents	\$ 3,169	\$ 3,169	\$ 3,169
Fixed Income	165,224	274,203	274,203
Equities	<u>252,515</u>	<u>382,713</u>	<u>382,713</u>
Total Investments	<u>\$ 420,908</u>	<u>\$ 660,085</u>	<u>\$ 660,085</u>

  

	<u>2020</u>		
	<u>Cost</u>	<u>Market</u>	<u>Carrying Value</u>
Cash and Cash Equivalents	\$ 21,866	\$ 21,866	\$ 21,866
Fixed Income	200,543	211,604	211,604
Equities	<u>245,261</u>	<u>326,000</u>	<u>326,000</u>
Total Investments	<u>\$ 467,670</u>	<u>\$ 559,470</u>	<u>\$ 559,470</u>

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### Note E: Investments (Continued)

Investment returns for the years ended August 31 is summarized and reported on the Statement of Activities as follows:

	<u>2021</u>	<u>2020</u>
Interest and Dividends	\$ 13,660	\$ 12,748
Realized and Unrealized Gain on Investments	93,087	35,340
Less: Fees	<u>(6,132)</u>	<u>(5,409)</u>
Total Investment Income, net	<u>\$ 100,615</u>	<u>\$ 42,679</u>

### Note F: Fair Value Measurement

The reporting entity uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. For additional information on how Alpha Home measures fair value, refer to **Note B**. The following describes the valuation methods and assumptions used by Alpha Home in estimating the fair value disclosures for investments. There have been no changes in methodologies used at August 31, 2021 and 2020.

- *Cash and Cash Equivalents* are valued at fair value.
- *Equities* are valued at the fair value of shares at quoted market prices.
- *Fixed Income* are valued at fair value at quoted market prices for assets not traded regularly.

The following table sets forth by level, within the fair value hierarchy, Alpha Home's investments at fair value as of August 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 3,169	\$ -	\$ -	\$ 3,169
Fixed Income	-	274,203	-	274,203
Equities	<u>382,713</u>	<u>-</u>	<u>-</u>	<u>382,713</u>
Total Investments at Fair Value	<u>\$ 385,882</u>	<u>\$ 274,203</u>	<u>\$ -</u>	<u>\$ 660,085</u>

The following table sets forth by level, within the fair value hierarchy, Alpha Home's investments at fair value as of August 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 21,866	\$ -	\$ -	\$ 21,866
Fixed Income	-	211,604	-	211,604
Equities	<u>326,000</u>	<u>-</u>	<u>-</u>	<u>326,000</u>
Total Investments at Fair Value	<u>\$ 347,866</u>	<u>\$ 211,604</u>	<u>\$ -</u>	<u>\$ 559,470</u>



## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### Note G: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation at August 31 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 60,000	\$ 60,000
Building and Leasehold Improvements	543,778	530,835
Furniture and Equipment	382,421	350,491
Vehicles	<u>135,839</u>	<u>135,839</u>
Total Property and Equipment	1,122,038	1,077,165
Less: Accumulated Depreciation	<u>(824,192)</u>	<u>(740,956)</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 297,846</u>	<u>\$ 336,209</u>

Alpha Home has recorded as building improvements the cost to acquire and renovate facilities to which Trinity Baptist Church holds title. Depreciation expense for the years ended August 31, 2021 and 2020 was **\$83,236** and \$48,010, respectively.

### Note H: Concentrations

#### *Credit Risk of Financial Instruments*

Financial instruments which potentially subject Alpha Home to a concentration of credit risk consist of its cash balances held at its financial institution. Alpha Home maintains four bank accounts at one institution in San Antonio, Texas. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At August 31, 2021 and 2020, Alpha Home's cash balance at its financial institution exceeded the insured FDIC limit by **\$236,067** and \$496,758 respectively. Alpha Home has not experienced any losses in such account and management believes it is not exposed to a significant risk on its cash balance.

#### *Program Fees and Contracts from Government Agencies*

Program Fees and Contracts from Government Agencies revenue at August 31 is summarized as follows:

	<u>2021</u>	
	<u>Amount</u>	<u>Percent of Total Support and Revenues</u>
Contracts with Texas Health and Human Services Commission	\$ 1,009,666	31%
Other Contract Services and Insurance Providers	<u>474,375</u>	<u>14%</u>
Total Program Fees and Contracts from Government Agencies	<u>\$ 1,484,041</u>	<u>45%</u>

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### Note H: Concentrations (Continued)

#### Program Fees and Contracts from Government Agencies (Continued)

	2020	
	Amount	Percent of Total Support and Revenues
Contracts with Texas Health and Human Services Commission	\$ 1,857,952	52%
Other Contract Services and Insurance Providers	334,477	9%
Total Program Fees and Contracts from Government Agencies	<u>\$ 2,192,429</u>	<u>61%</u>

### Note I: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions consisted of the following at August 31:

	2021	2020
Restricted by Purpose		
Parenting Program	\$ -	\$ 30,000
General Operations	-	50,000
COVID-19 - Residential and Technology Support	33,050	50,000
Dr. Richard P. Usatine Wellness Center	50,000	50,000
Residential and Outpatient Substance Use Disorder Treatment	10,000	-
Building Renovation	18,250	-
Total Net Assets With Donor Restrictions	<u>\$ 111,300</u>	<u>\$ 180,000</u>

### Note J: Leases

Alpha Home is obligated under non-cancellable operating lease agreements for rent and equipment. In July 2020, Alpha Home renewed an existing lease agreement for office space with Trinity Baptist Church with an effective date of September 1, 2020 and expiring on August 31, 2021. In July 2021, Alpha Home renewed the lease agreement for office space with Trinity Baptist Church with an effective date of September 1, 2021 and expiring on August 31, 2022. For additional information, refer to Facilities disclosure at **Note K**. In May 2019, Alpha Home renewed an existing lease agreement for copier equipment with an effective date of June 1, 2019 and expiring on September 1, 2024. The amount of total rent expense for office space for the years ended August 31, 2021 and 2020 was **\$26,400** and is included in the Statement of Functional Expenses as Rent expense. The amount of total equipment lease expense for the years ended August 31, 2021 and 2020 was **\$27,836** and \$27,565, respectively, and is included in the Statement of Functional Expenses as Equipment Rental and Maintenance expense.

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### Note J: Leases (Continued)

Future minimum rental payments due under non-cancellable lease agreement for equipment in excess of one year as August 31, 2021 is summarized as follows:

2022	\$	22,668
2023		22,668
2024		<u>22,668</u>
	\$	<u>68,004</u>

### Note K: Donated Facilities, Goods, and Professional Services

#### *Facilities*

Alpha Home was established as a ministry by a committee from Trinity Baptist Church. Subsequently, Alpha Home became a separate entity. Trinity Baptist Church continues to support Alpha Home with contributions and shared facilities. Several Board members are also members of Trinity Baptist Church. Properties used by Alpha Home were rented from Trinity Baptist Church for **\$26,400** for the years ended August 31, 2021 and 2020. The fair rental value of the properties is estimated to be **\$330,520** for the years ended August 31, 2021 and 2020. The difference between the estimated fair rental value and the rent expense is included in the Statement of Activities as In-Kind Contributions of **\$304,120** for the years ended August 31, 2021 and 2020.

#### *Goods*

Alpha Home receives donations of goods from individuals and companies. The amount of **\$0** and **\$7,794** was recognized as In-Kind Contributions in the Statement of Activities during the years ended August 31, 2021 and 2020, respectively.

#### *Professional Services*

A substantial number of volunteers donate significant amounts of their time to Alpha Home, and no amounts for these services are reflected in these financial statements because these services do not meet the criteria for recognition as a contribution, in accordance with GAAP. However, Alpha Home's recording of donated professional services does meet the qualifications and, accordingly, **\$117,518** and **\$32,300** of donated professional services has been recognized in the Statement of Activities as In-Kind Contributions for the years ended August 31, 2021 and 2020, respectively.

### Note L: Retirement Plan

Alpha Home offers a voluntary contribution 403(b) savings plan qualified under Section 403(B) of the Internal Revenue Code. All full-time employees are eligible to make voluntary contributions, except those who are non-resident aliens with no U.S. source income and those who are classified or treated as independent contractors. Alpha Home will match 50% of the employee's salary reduction amount contributed during the plan year that does not exceed 4% of the employee's compensation received during the plan year. Alpha Home contributed matching contributions of **\$6,879** and **\$7,057** for the years ended August 31, 2021 and 2020, respectively.

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### **Note M: Commitments and Contingencies**

Alpha Home participates in several state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Alpha Home has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### **Note N: Charity Substance Abuse Treatment**

The majority of clients are referred to Alpha Home by government agencies. The funding from these government agencies to provide treatment to these clients is substantially less than the actual cost to provide the treatment as indirect cost associated with these services are not included in the respective funding. During the years ended August 31, 2021 and 2020, Alpha Home's actual costs, direct and indirect, exceeded reimbursements from the agencies by an estimated **\$772,424** and \$649,814, respectively.

### **Note O: Crosspoint, Inc. and Recovery Support Home**

Alpha Home and Crosspoint, Inc. (Crosspoint), a non-profit agency based in San Antonio, Texas, have a Memorandum of Agreement to collaborate in the operation of a Recovery Support Home (Recovery Home) for adult women who have completed the Alpha Home residential program or are enrolled in the Alpha Home outpatient program. This transitional residence is intended to provide support and safe living to women who are in need of a place to stay for the first fragile months of recovery. This gender-specific home for 15 is a stepping stone to complete independent living.

To be considered for residence in the Recovery Home, a woman must agree to follow house rules, work, pay a stipend, save money, attend 12-Step meetings, have a sponsor, and be enrolled in the Alpha Home outpatient program. Effective January 2017, the Recovery Home required a stipend after a residential 30 day period. The suggested length of stay will be four months but consideration of client need is assessed during the client's stay.

Crosspoint owns the Recovery Home, located in North Central San Antonio in the Monte Vista neighborhood. Crosspoint provides one 24/7 staff member at the Recovery Home. Alpha Home provides the referrals and outpatient counseling.

The Recovery Home completes the continuum of care for Alpha Home clients:

- Residential substance abuse treatment for up to 90 days
- Outpatient substance abuse treatment for 4 - 6 months
- Recovery Home for up to 4 months
- Alumnae Association weekly meetings for as long as the women want to participate

## Alpha Home, Inc.

Notes to Financial Statements  
August 31, 2021 and 2020

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### **Note P: CARF Accreditation**

As a benchmark of Alpha Home's ability to provide quality services, Alpha Home's accreditation was recently extended thru April 2022 for its outpatient treatment: Alcohol and Other Drugs/Addictions (Adults); Prevention/Diversion: Alcohol and Other Drugs/ Addictions (Adults); and Residential Treatment: Alcohol and Other Drugs/Addictions (Adults) programs by CARF International. Founded in 1966 as the Commission on Accreditation of Rehabilitation Facilities and now known as CARF International, the accrediting body establishes consumer-focused standards to help organizations measure and improve the quality of their programs and services. This accreditation decision represents the highest level of accreditation that can be awarded to an organization and shows Alpha Home's substantial conformance to the CARF standards. For additional information on CARF, please see <http://www.carf.org/home/>.

### **Note Q: Paycheck Protection Program Loan**

On April 24, 2020 and March 26, 2021, Alpha Home received loan proceeds in the amount of \$564,700 (PPP 1) and \$462,250 (PPP 2), respectively, under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the businesses' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. Alpha Home intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

On April 1, 2021, Alpha Home was granted 100% forgiveness on PPP 1 and was legally released from the loan obligation. The forgiveness income is recorded as Gain on Extinguishment of Debt – Forgiven PPP Loan in the amount of \$566,696 in the Statement of Activities for the year ended August 31, 2021.

### **Note R: COVID-19 Risk and Uncertainty**

The COVID-19 pandemic, whose effects first became known in January 2020, is having broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Alpha Home is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on Alpha Home's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Alpha Home's customers, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact Alpha Home's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

### **Note S: Reclassification**

Certain amounts in the 2020 presentation have been reclassified to conform to the 2021 presentation. Net assets and change in net assets are unchanged due to the reclassifications.

### **Note T: Subsequent Events**

Subsequent events have been evaluated through January 8, 2022, which is the date the financial statements were available to be issued.

## **Compliance Report**

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Directors of  
Alpha Home, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alpha Home, Inc. (Alpha Home) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alpha Home's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alpha Home's internal control. Accordingly, we do not express an opinion on the effectiveness of Alpha Home's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Alpha Home's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards* (Continued)**

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Schrive, Carmona & Company, PLLC

San Antonio, Texas

January 8, 2022



## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors of  
Alpha Home, Inc.

### **Report on Compliance for Each Major Federal Program**

We have audited Alpha Home, Inc.'s (Alpha Home's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alpha Home's major federal programs for the year ended August 31, 2021. Alpha Home's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Alpha Home's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alpha Home's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Alpha Home's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Alpha Home complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

**Independent Auditor's Report on Compliance for  
Each Major Program and on Internal Control  
Over Compliance Required by the Uniform Guidance (Continued)**

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**Report on Internal Control Over Compliance**

Management of Alpha Home is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alpha Home's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alpha Home's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Schraver, Carmona & Company, PLLC

San Antonio, Texas

January 8, 2022

**Alpha Home, Inc.**

Schedule of Expenditures of Federal Awards  
Year Ended August 31, 2021

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Grant ID Number</u>	<u>Federal Grant Expended During the Year</u>
<b><i>U.S. Department of Health and Human Services</i></b>			
<i>Pass through Texas Health and Human Services Commission</i>			
<u>Block Grants for Prevention and Treatment of Substance Abuse</u>			
Treatment Adult Services	93.959	HHS000663700059	\$ 325,620
Treatment Adult Services - Female		HHS000663700137	211,273
<u>State Targeted Response to the Opioid Crisis Grants</u>			
Recovery Support Services for Treatment Organizations	93.788	HHS000128700006	<u>233,027</u>
<b><i>Total U.S. Department of Health and Human Services</i></b>			<u>769,920</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>769,920</u></b>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

## Alpha Home, Inc.

Notes to Schedule of Expenditures of Federal Awards  
August 31, 2021

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### Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Alpha Home, Inc. (Alpha Home) under programs of the federal government for the year ended August 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of Alpha Home, it is not intended, and does not, present the financial position, changes in net assets or cash flows of Alpha Home. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

All of Alpha Home's federal awards were in the form of cash assistance for the year ended August 31, 2021.

### Note B: Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Alpha Home has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

### Note C: Reconciliation to Statement of Activities in Financial Statements

Total Expenditures of Federal Awards	\$ 769,920
Total Expenditures of State Awards	239,746
Other Contract Services and Insurance Providers	<u>474,375</u>
Total Program Fees and Contracts from Government Agencies	<u>\$ 1,484,041</u>

**Alpha Home, Inc.**

Schedule of Findings and Questioned Costs  
Year August 31, 2021

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal Control Over Financial Reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to the financial statements?	No

**Federal Awards**

Internal Control Over Major Programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516?	No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.788	Recovery Support Services for Treatment Organizations

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS** None

**SECTION III - FEDERAL AWARD FINDINGS** None