

Alpha Home, Inc.

**Financial Statements
and Compliance Report**

August 31, 2020 and 2019



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, 2020, 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, 2020, 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)

Report on Summarized Comparative Information

We have previously audited Alpha Home's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, 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 March 12, 2021, 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

March 12, 2021

Financial Statements

Alpha Home, Inc.Statements of Financial Position
August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 743,228	\$ 48,021
Contracts Receivable	142,328	201,417
Prepaid Expenses and Other Assets	1,267	15,819
Investments	<u>559,470</u>	<u>645,626</u>
Total Current Assets	1,446,293	910,883
Property and Equipment, Net of Accumulated Depreciation	<u>336,209</u>	<u>373,699</u>
Total Assets	\$ <u>1,782,502</u>	\$ <u>1,284,582</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 32,600	\$ 34,568
Accrued Liabilities	3,925	6,784
Accrued Interest on Paycheck Protection Program Loan	<u>1,996</u>	<u>-</u>
Total Current Liabilities	38,521	41,352
Paycheck Protection Program Loan	<u>564,700</u>	<u>-</u>
Total Liabilities	603,221	41,352
Net Assets:		
Without Donor Restrictions	999,281	1,163,230
With Donor Restrictions	<u>180,000</u>	<u>80,000</u>
Total Net Assets	1,179,281	1,243,230
Total Liabilities and Net Assets	\$ <u>1,782,502</u>	\$ <u>1,284,582</u>

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

Alpha Home, Inc.

Statement of Activities
Year Ended August 31, 2020 (with Comparative Totals for the Year Ended August 31, 2019)

	2020			2019 Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
Support and Revenues				
<i>Support:</i>				
Grants and Contributions	\$ 241,938	\$ 447,750	\$ 689,688	\$ 580,873
United Way of San Antonio and Bexar County	116,871	-	116,871	120,742
In-Kind Contributions	366,094	-	366,094	492,928
Special Events, net of expenses of \$38,986 and \$37,141 in 2020 and 2019, respectively	93,532	-	93,532	123,569
<i>Revenues:</i>				
Program Fees and Contracts from Government Agencies	2,192,429	-	2,192,429	2,362,649
Investment Income, net of broker fees of \$5,409 and \$6,312 in 2020 and 2019, respectively	7,339	-	7,339	8,370
Realized/Unrealized Gain (Loss) on Investments	35,340	-	35,340	(4,723)
Other Income	19,280	-	19,280	1,137
Gain on Proceeds from Insurance	2,708	-	2,708	-
Net Assets Released from Restrictions	347,750	(347,750)	-	-
Total Support and Revenues	3,423,281	100,000	3,523,281	3,685,545
Expenses				
<i>Program Services:</i>				
Residential Services	1,753,807	-	1,753,807	1,911,872
Outpatient Services	400,329	-	400,329	480,802
Family First Program	559,537	-	559,537	594,298
Recovery Support Services	130,816	-	130,816	108,950
<i>Support Services:</i>				
Management and General	564,569	-	564,569	496,254
Fundraising	178,172	-	178,172	164,649
Total Expenses	3,587,230	-	3,587,230	3,756,825
Change in Net Assets	(163,949)	100,000	(63,949)	(71,280)
Net Assets at Beginning of Year	1,163,230	80,000	1,243,230	1,314,510
Net Assets at End of Year	\$ 999,281	\$ 180,000	\$ 1,179,281	\$ 1,243,230

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

Alpha Home, Inc.

**Statement of Functional Expenses
Year Ended August 31, 2020 (with Comparative Totals for the Year Ended August 31, 2019)**

	Program Services				Support Services			2019 Totals		
	Residential Services	Outpatient Services	Family First Program	Recovery Support Services	Total Program Services	Management and General	Fundraising		Total Support Services	
Salaries and Wages	\$ 1,086,613	\$ 237,030	\$ 376,360	\$ 77,626	\$ 1,777,629	\$ 268,276	\$ 130,413	\$ 398,689	\$ 2,176,318	\$ 2,223,224
Payroll Taxes	75,051	16,371	25,995	5,362	122,779	18,530	9,007	27,537	150,316	162,663
Employee Health and Fringe Benefits	81,471	34,737	38,211	8,846	163,265	3,473	6,948	10,421	173,686	175,256
Total Salaries and Related Expenses	<u>1,243,135</u>	<u>288,138</u>	<u>440,566</u>	<u>91,834</u>	<u>2,063,673</u>	<u>290,279</u>	<u>146,368</u>	<u>436,647</u>	<u>2,500,320</u>	<u>2,561,163</u>
Other Operating Expenses:										
Advertising and Marketing	894	298	149	-	1,341	5,174	7,376	12,550	13,891	12,172
Bank, Credit Card, and Transaction Fees	953	209	331	172	1,665	14,274	1,598	15,872	17,537	20,407
Bad Debt Expense	12,610	903	-	-	13,513	4,264	-	4,264	17,777	1,677
Building Maintenance	35,086	6,644	3,549	-	45,279	3,327	-	3,327	48,606	58,650
Client Support	101,340	3,581	19,651	23,854	148,426	-	-	-	148,426	173,794
Conferences	519	306	886	2,629	4,340	3,883	495	4,378	8,718	15,233
Contract Labor	1,215	405	202	-	1,822	44,195	6,131	50,326	52,148	56,741
Equipment Rental and Maintenance	8,177	1,944	11,884	2,176	24,181	15,543	591	16,134	40,315	41,190
In-Kind Expenses	208,674	69,558	62,236	-	340,468	25,626	-	25,626	366,094	492,928
Information Technology	14,081	4,692	2,378	-	21,151	9,160	682	9,842	30,993	32,809
Insurance	9,693	2,708	2,859	1,570	16,830	26,345	654	26,999	43,829	37,290
Interest Expense	-	-	-	-	-	1,996	-	1,996	1,996	-
Licenses and Fees	2,605	699	344	-	3,648	749	-	749	4,397	7,964
Memberships and Subscriptions	60	20	10	-	90	5,765	588	6,353	6,443	8,102
Non-Contract	6,928	2,267	2,633	228	12,056	24,074	6,723	30,797	42,863	16,191
Office Supplies	4,263	1,071	1,394	472	7,200	9,775	632	10,407	17,607	25,412
Postage and Shipping	65	3	8	19	95	1,399	1,298	2,697	2,792	3,363
Printing	223	74	37	-	334	507	1,913	2,420	2,754	2,310
Rent	16,728	5,576	2,788	-	25,092	3,713	-	3,713	28,805	28,779
Staff Training	5,447	1,782	-	244	7,473	790	540	1,330	8,803	10,654
Telecommunication	16,932	5,450	5,632	5,493	33,507	19,371	2,583	21,954	55,461	44,140
Utilities	64,179	4,001	2,000	2,125	72,305	6,350	-	6,350	78,655	60,186
Total Other Operating Expenses	<u>510,672</u>	<u>112,191</u>	<u>118,971</u>	<u>38,982</u>	<u>780,816</u>	<u>226,280</u>	<u>31,804</u>	<u>258,084</u>	<u>1,038,900</u>	<u>1,149,992</u>
Total Expenses Before Depreciation	1,753,807	400,329	559,537	130,816	2,844,489	516,559	178,172	694,731	3,539,220	3,711,155
Depreciation	-	-	-	-	-	48,010	-	48,010	48,010	45,670
Total Expenses	<u>\$ 1,753,807</u>	<u>\$ 400,329</u>	<u>\$ 559,537</u>	<u>\$ 130,816</u>	<u>\$ 2,844,489</u>	<u>\$ 564,569</u>	<u>\$ 178,172</u>	<u>\$ 742,741</u>	<u>\$ 3,587,230</u>	<u>\$ 3,756,825</u>

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

Alpha Home, Inc.**Statements of Cash Flows
Years Ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (63,949)	\$ (71,280)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	48,010	45,670
Bad Debt Expense	17,777	1,677
Loss on Disposal of Vehicle	11,701	-
Unrealized Loss (Gain) Loss on Investments	(17,254)	6,158
(Increase) Decrease in:		
Contracts Receivable	41,312	(51,040)
Prepaid Expenses and Other Assets	14,552	(1,933)
Increase (Decrease) in:		
Accounts Payable	(1,968)	3,016
Accrued Liabilities	(2,859)	(31,940)
Accrued Interest on Paycheck Protection Program Loan	1,996	-
Net Cash Provided (Used) by Operating Activities	<u>49,318</u>	<u>(99,672)</u>
Cash Flows From Investing Activities:		
Proceeds from Maturity/Sale of Investments	322,102	173,999
Purchase of Investments	(203,340)	(199,197)
Reinvestment of Investment Proceeds, Dividends and Interest	(15,352)	17,295
Purchase of Property and Equipment	(22,221)	(93,530)
Net Cash Provided (Used) by Investing Activities	<u>81,189</u>	<u>(101,433)</u>
Cash Flows From Financing Activities:		
Proceeds from Paycheck Protection Program Loan	564,700	-
Net Cash Provided by Financing Activities	<u>564,700</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	695,207	(201,105)
Cash and Cash Equivalents, Beginning of Year	<u>48,021</u>	<u>249,126</u>
Cash and Cash Equivalents, End of Year	\$ <u>743,228</u>	\$ <u>48,021</u>

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

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

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.
- Family First Program - Family First is an intervention and education service 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.
- 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).

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, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019, 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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ending August 31, 2020 and 2019 were **\$7,365** and **\$0**, respectively.

Property and Equipment

Alpha Home capitalizes all expenditures for property and equipment in excess of \$1,000. 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, 2020 and 2019

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, 2020 and 2019. 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 in 2020

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 is effective for periods beginning after December 15, 2018, with early adoption permitted. The pronouncement clarifies the definition of an exchange transaction and contributions made and received. Alpha Home adopted the new provisions of this standard during the year ended August 31, 2020. 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 reporting periods beginning after December 15, 2020. 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 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.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

Note B: Summary of Accounting Principles (Continued)

Recently Issued Accounting Pronouncements (Continued)

Future Adoption (Continued)

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 31, 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. As of June 3, 2020, Alpha Home had not yet issued such financial statements or made such financial statements available for issuance. Therefore, ASC 606 takes effect for Alpha Home in annual reporting periods beginning after December 15, 2019, and the interim reporting periods within annual reporting periods beginning after December 31, 2020. 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. Management of Alpha Home 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, 2019 from which the summarized information was derived.

Note C: Liquidity and Availability

The following represents Alpha Home's financial assets at August 31, 2020 and 2019 available to meet general expenditures over the next twelve months:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and Cash Equivalents	\$ 743,228	\$ 48,021
Contracts Receivable	142,328	201,417
Investments	<u>559,470</u>	<u>645,626</u>
Total Financial Assets	<u>\$ 1,445,026</u>	<u>\$ 895,064</u>

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

Note C: Liquidity and Availability (Continued)

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

	<u>2020</u>	<u>2019</u>
Net Assets with Donor Restrictions	\$ 180,000	\$ 80,000
Less net assets with timing restrictions to be met over the next twelve months	<u>-</u>	<u>-</u>
	<u>180,000</u>	<u>80,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,265,026</u>	<u>\$ 815,064</u>

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>2020</u>	<u>2019</u>
Texas Health and Human Services Commission	\$ 102,546	\$ 140,767
Courts and Pre-Trial Services	16,625	39,512
Bexar County, Insurance, and Individuals	<u>23,157</u>	<u>21,138</u>
Total Contracts Receivable	<u>\$ 142,328</u>	<u>\$ 201,417</u>

Note E: Investments

Investments at August 31 are summarized as follows:

	<u>2020</u>		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Cash and Cash Equivalents	\$ 21,866	\$ 21,866	\$ -
Fixed Income	200,543	211,604	11,061
Equities	<u>245,261</u>	<u>326,000</u>	<u>80,739</u>
Total Investments	<u>\$ 467,670</u>	<u>\$ 559,470</u>	<u>\$ 91,800</u>

Alpha Home, Inc.

Notes to Financial Statements August 31, 2020 and 2019

Note E: Investments (Continued)

	2019		
	Cost	Market	Unrealized Gain (Loss)
Cash and Cash Equivalents	\$ 14,831	\$ 14,831	\$ -
Fixed Income	279,945	307,114	27,169
Equities	276,304	323,681	47,377
Total Investments	\$ 571,080	\$ 645,626	\$ 74,546

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

	2020	2019
Interest and Dividends	\$ 12,748	\$ 14,216
Interest from Bank Deposits	-	466
Broker Fees	(5,409)	(6,312)
Total Investment Income	\$ 7,339	\$ 8,370
Unrealized Gain (Loss) on Investments	\$ 17,254	\$ (6,158)
Realized Gain on Investments	18,086	1,435
Total Realized/Unrealized Gain (Loss) on Investments	\$ 35,340	\$ (4,723)

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, 2020 and 2019.

- *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, 2020:

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

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

Note F: Fair Value Measurement (Continued)

The following table sets forth by level, within the fair value hierarchy, Alpha Home's investments at fair value as of August 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 14,831	\$ -	\$ -	\$ 14,831
Fixed Income	-	307,114	-	307,114
Equities	<u>323,681</u>	<u>-</u>	<u>-</u>	<u>323,681</u>
Total Investments at Fair Value	<u>\$ 338,512</u>	<u>\$ 307,114</u>	<u>\$ -</u>	<u>\$ 645,626</u>

Note G: Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Land	\$ 60,000	\$ 60,000
Building and Leasehold Improvements	530,835	530,835
Furniture and Equipment	350,491	343,132
Vehicles	<u>135,839</u>	<u>137,693</u>
Total Property and Equipment	1,077,165	1,071,660
Less: Accumulated Depreciation	<u>(740,956)</u>	<u>(697,961)</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 336,209</u>	<u>\$ 373,699</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, 2020 and 2019 was **\$48,010** and \$45,670, 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, 2020 and 2019, Alpha Home's cash balance at its financial institution exceeded the insured FDIC limit by **\$496,758** and \$0, 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.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

Note H: Concentrations (Continued)***Program Fees and Contracts from Government Agencies***

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

	<u>2020</u>	
	<u>Amount</u>	<u>Percent of Total Support and Revenues</u>
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>
	<u>2019</u>	
	<u>Amount</u>	<u>Percent of Total Support and Revenues</u>
Contracts with Texas Health and Human Services Commission	\$ 1,912,096	52%
Other Contract Services and Insurance Providers	450,553	12%
Total Program Fees and Contracts from Government Agencies	<u>\$ 2,362,649</u>	<u>64%</u>

Note I: Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Restricted by Purpose		
Parenting Program	\$ 30,000	\$ 30,000
General Operations	50,000	-
COVID-19 - Residential and Technology Support	50,000	-
Dr. Richard P. Usatine Wellness Center	50,000	50,000
Total Net Assets With Donor Restrictions	<u>\$ 180,000</u>	<u>\$ 80,000</u>

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

Note J: Leases

Alpha Home is obligated under non-cancellable operating lease agreements for rent and equipment.

In September 2019, Alpha Home renewed an existing lease agreement for office space with Trinity Baptist Church with an effective date of September 1, 2019 and expired on August 31, 2020. In July 2020, Alpha Home renewed the lease agreement with an effective date of September 1, 2020 and expiring on August 31, 2021. 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, 2020 and 2019 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, 2020 and 2019 was **\$27,565** and **\$26,701**, respectively, and is included in the Statement of Functional Expenses as Equipment Rental and Maintenance expense.

Future minimum rental payments due under non-cancellable lease agreement for equipment in excess of one year as August 31, 2020 is summarized as follows:

2021	\$	22,668
2022		22,668
2023		22,668
2024		22,668
	\$	<u>90,672</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, 2020 and 2019. The fair rental value of the properties is estimated to be **\$352,400** for the years ended August 31, 2020 and 2019. The difference between the estimated fair rental value and the rent expense is included in the Statement of Activities as In-Kind Contributions of **\$326,000** for the years ended August 31, 2020 and 2019.

Goods

Alpha Home receives donations of goods from individuals and companies. The amount of **\$7,794** and **\$59,656** was recognized as In-Kind Contributions in the Statement of Activities during the years ended August 31, 2020 and 2019, 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, **\$32,300** and **\$107,272** of donated professional services has been recognized in the Statement of Activities as In-Kind Contributions for the years ended August 31, 2020 and 2019, respectively.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

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 **\$7,057** and **\$7,911** for the years ended August 31, 2020 and 2019, respectively.

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, 2020 and 2019, Alpha Home's actual costs, direct and indirect, exceeded reimbursements from the agencies by an estimated **\$649,814** and **\$739,273**, 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, 2020 and 2019

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, Alpha Home received loan proceeds in the amount of \$564,700 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.

To the extent the Alpha Home is not granted forgiveness, Alpha Home will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of April 22, 2022. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

At August 31, 2020, Alpha Home has recorded a note payable of \$564,700 and related accrued interest of \$1,996 and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended August 31, 2020.

Note R: Risk and Uncertainty

COVID-19

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 2019 presentation have been reclassified to conform to the 2020 presentation.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

Note T: Subsequent Events

Subsequent events have been evaluated through March 12, 2021, which is the date the financial statements were available to be issued.

Family First Program

The contract with HHSC for Alpha Home's Family First Program ended on August 31, 2020 and was not renewed.

Paycheck Protection Program Loan

Alpha Home submitted the PPP loan forgiveness application on February 8, 2021.

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, 2020, 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 March 12, 2021.

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)**

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.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

March 12, 2021

**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, 2020. 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, 2020.

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

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.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

March 12, 2021

Alpha Home, Inc.

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2020

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Grant ID Number</u>	<u>Federal Grant Expended During the Year</u>
<i>U.S. Department of Health and Human Services</i>			
<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	2016-048552-003	\$ 323,569
Treatment Adult Services - Female		2016-048549-003	411,798
Pregnant Postpartum Intervention Program		2016-048425-003	360,008
 <u>State Targeted Response to the Opioid Crisis Grant</u>			
Recovery Support Services for Treatment Organizations	93.788	HS000128700006	<u>250,000</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>1,345,375</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,345,375</u>

Alpha Home, Inc.

Notes to Schedule of Expenditures of Federal Awards
August 31, 2020

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, 2020. 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, 2020.

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	\$ 1,345,375
Total Expenditures of State Awards	512,577
Other Contract Services and Insurance Providers	<u>334,477</u>
Total Program Fees and Contracts from Government Agencies	<u>\$ 2,192,429</u>

Alpha Home, Inc.

Schedule of Findings and Questioned Costs
Year August 31, 2020

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>
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS None

SECTION III - FEDERAL AWARD FINDINGS None