

Alpha Home, Inc.

Financial Statements and Compliance Report

August 31, 2023 and 2022



Alpha Home, Inc.

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Independent Auditor's Report

To the Board of Directors of
Alpha Home, Inc.

Opinion

We have audited the accompanying financial statement of Alpha Home, Inc. (Alpha Home) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alpha Home and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Alpha Home's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditor's Report (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of Alpha Home's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alpha Home's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 25, 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 schedule of expenditures of federal awards 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 29, 2024, 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.

Independent Auditor's Report (Continued)

Report on Summarized Comparative Information

We have previously audited Alpha Home's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

January 29, 2024

Financial Statements

Alpha Home, Inc.

Statements of Financial Position August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 544,582	\$ 326,068
Certificates of Deposit	200,077	-
Accounts and Contracts Receivable	208,532	178,937
Prepaid Expenses	9,856	14,627
Investments	<u>1,029,861</u>	<u>606,802</u>
<i>Total Current Assets</i>	1,992,908	1,126,434
Operating Lease Right-of-Use Asset	123,859	-
Property and Equipment, Net of Accumulated Depreciation	<u>447,896</u>	<u>433,064</u>
Total Assets	\$ <u>2,564,663</u>	\$ <u>1,559,498</u>
Liabilities and Net Assets		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 79,908	\$ 53,821
Accrued Liabilities	94,154	82,557
Operating Lease Liability - Current Portion	<u>23,464</u>	<u>-</u>
<i>Total Current Liabilities</i>	197,526	136,378
Operating Lease Liability - Long-Term Portion	<u>99,531</u>	<u>-</u>
<i>Total Liabilities</i>	<u>297,057</u>	<u>136,378</u>
<i>Net Assets:</i>		
Without Donor Restrictions	1,864,822	1,238,468
With Donor Restrictions	<u>402,784</u>	<u>184,652</u>
<i>Total Net Assets</i>	<u>2,267,606</u>	<u>1,423,120</u>
Total Liabilities and Net Assets	\$ <u>2,564,663</u>	\$ <u>1,559,498</u>

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

Alpha Home, Inc.

Statement of Activities

Year Ended August 31, 2023 (with Comparative Totals for the Year Ended August 31, 2022)

	2023			2022 Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
Support and Revenues				
<i>Support:</i>				
Grants and Contributions	\$ 330,209	\$ 409,500	\$ 739,709	\$ 658,768
United Way of San Antonio and Bexar County	140,311	-	140,311	130,311
Employee Retention Tax Credit	397,985	-	397,985	-
Gain on Extinguishment of Debt - Forgiven Paycheck Protection Program Loan	-	-	-	462,250
Special Events, net of expenses of \$55,658 and \$58,206 in 2023 and 2022, respectively	202,825	-	202,825	102,418
Contributed Nonfinancial Assets	434,960	-	434,960	502,228
<i>Revenues:</i>				
Program Fees and Contracts from Government Agencies	2,048,885	-	2,048,885	1,627,879
Investment Income (Loss), net of fees of \$6,467 and \$6,652 in 2023 and 2022, respectively	65,217	-	65,217	(53,283)
Other Income	8,792	-	8,792	6,454
Net Assets Released from Restrictions	191,368	(191,368)	-	-
Total Support and Revenues	3,820,552	218,132	4,038,684	3,437,025
Expenses				
<i>Program Services:</i>				
Residential Services	2,108,905	-	2,108,905	1,912,085
Outpatient Services	251,498	-	251,498	319,092
Recovery Support Services	77,268	-	77,268	304,233
<i>Support Services:</i>				
Management and General	610,033	-	610,033	639,772
Fundraising	146,494	-	146,494	164,647
Total Expenses	3,194,198	-	3,194,198	3,339,829
Change in Net Assets	626,354	218,132	844,486	97,196
Net Assets at Beginning of Year	1,238,468	184,652	1,423,120	1,325,924
Net Assets at End of Year	\$ 1,864,822	\$ 402,784	\$ 2,267,606	\$ 1,423,120

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

Alpha Home, Inc.

Statement of Functional Expenses Year Ended August 31, 2023 (with Comparative Totals for the Year Ended August 31, 2022)

	Program Services				Support Services			2023 Totals	2022 Totals
	Residential Services	Outpatient Services	Recovery Support Services	Total Program Services	Management and General	Fundraising	Total Support Services		
Salaries and Wages	\$ 1,019,600	\$ 159,357	\$ 38,328	\$ 1,217,285	\$ 347,973	\$ 45,195	\$ 393,168	\$ 1,610,453	\$ 1,739,839
Payroll Taxes	78,194	11,615	2,615	92,424	26,189	2,811	29,000	121,424	128,133
Employee Health and Fringe Benefits	77,199	10,627	6,424	94,250	44,564	2,665	47,229	141,479	144,574
Total Employee Compensation	1,174,993	181,599	47,367	1,403,959	418,726	50,671	469,397	1,873,356	2,012,546
Advertising and Marketing	-	-	-	-	566	7,565	8,131	8,131	11,288
Bank, Credit Card, and Transaction Fees	15,552	-	-	15,552	6,077	667	6,744	22,296	23,638
Bad Debt Expense	63,876	-	-	63,876	-	-	-	63,876	-
Building Maintenance	140,595	10,159	6,094	156,848	22,835	3,240	26,075	182,923	139,682
Client Support	83,100	24,702	3,853	111,655	388	-	388	112,043	61,463
Conferences and Travel	760	808	-	1,568	1,566	1,150	2,716	4,284	4,590
Contractual Services	137	7,520	16	7,673	21,032	43,559	64,591	72,264	100,083
Equipment Rental and Maintenance	13,493	2,046	1,680	17,219	17,439	903	18,342	35,561	28,355
Contributed Nonfinancial Assets - Facilities and Professional Services	389,960	7,500	7,500	404,960	22,500	7,500	30,000	434,960	502,228
Information Technology	49,310	6,503	5,094	60,907	14,717	18,557	33,274	94,181	119,138
Insurance	41,941	-	-	41,941	16,178	1,797	17,975	59,916	58,090
Interest Expense	-	-	-	-	77	-	77	77	235
Licenses and Fees	2,855	-	-	2,855	1,101	122	1,223	4,078	8,668
Memberships and Subscriptions	-	-	-	-	8,102	-	8,102	8,102	7,578
Organizational Relations and Miscellaneous	1,662	220	424	2,306	9,085	5,215	14,300	16,606	11,362
Office Supplies	4,401	272	468	5,141	6,237	212	6,449	11,590	18,720
Postage and Shipping	182	-	-	182	1,297	506	1,803	1,985	3,710
Printing	101	15	11	127	862	7	869	996	664
Rent	16,721	2,559	2,005	21,285	7,983	1,130	9,113	30,398	28,828
Staff Training	803	-	-	803	1,754	-	1,754	2,557	9,565
Telecommunication	11,236	2,344	1,151	14,731	3,295	669	3,964	18,695	46,158
Utilities	48,854	5,251	1,605	55,710	9,558	951	10,509	66,219	81,393
Total Expenses Before Depreciation	2,060,532	251,498	77,268	2,389,298	591,375	144,421	735,796	3,125,094	3,277,982
Depreciation	48,373	-	-	48,373	18,658	2,073	20,731	69,104	61,847
Total Expenses	\$ 2,108,905	\$ 251,498	\$ 77,268	\$ 2,437,671	\$ 610,033	\$ 146,494	\$ 756,527	\$ 3,194,198	\$ 3,339,829

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

Alpha Home, Inc.

Statements of Cash Flows Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 844,486	\$ 97,196
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	69,104	61,847
Bad Debt Expense	63,876	-
Gain on Extinguishment of Debt - Forgiven Paycheck Protection Program Loan	-	(462,250)
Unrealized (Gain) Loss on Investments	(24,993)	76,950
(Increase) Decrease in:		
Accounts and Contracts Receivable	(93,471)	(58,152)
Prepaid Expenses and Other Assets	4,771	(4,293)
Operating Lease Right-of-Use Asset	(123,859)	-
Increase (Decrease) in:		
Accounts Payable	26,087	37,957
Accrued Liabilities	11,597	78,602
Accrued Interest on Paycheck Protection Program Loan	-	(1,938)
Operating Lease Liability	122,995	-
Net Cash Provided (Used) by Operating Activities	<u>900,593</u>	<u>(174,081)</u>
Cash Flows From Investing Activities:		
Purchase of Certificates of Deposit	(200,000)	-
Reinvestment of Certificates of Deposit Dividend and Interest	(77)	-
Purchase of Investments	(357,842)	-
Reinvestment of Investment Income from Dividends and Interest, net of Fees	(40,224)	(26,836)
Purchase of Property, Equipment and Leasehold Improvements	(83,936)	(197,065)
Net Cash Used by Investing Activities	<u>(682,079)</u>	<u>(223,901)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	218,514	(397,982)
Cash and Cash Equivalents, Beginning of Year	<u>326,068</u>	<u>724,050</u>
Cash and Cash Equivalents, End of Year	\$ <u>544,582</u>	\$ <u>326,068</u>
Supplemental Disclosures:		
Non-cash financing activities:		
Forgiven Paycheck Protection Program Loan	\$ <u>-</u>	\$ <u>(462,250)</u>

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

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

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). Alpha Home's contract with Texas Health and Human Services Commission for Recovery Support Services program was not renewed for the fiscal year ending August 31, 2023.

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.
- *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.

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.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note B: Summary of Accounting Principles (Continued)

Fair Value Measurements (Continued)

- *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 (refer to **Note E**), 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.

Prepaid Expenses

Expenses recorded in advance of the service or product being received are deferred and presented on the Statement of Financial Position as Prepaid Expenses.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022 were **\$8,131** and \$11,288, 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. Land is not depreciated.

Contributed Nonfinancial Assets

Donated professional services, goods, and facilities are valued based on their estimated fair market value on the date of contribution. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note B: Summary of Accounting Principles (Continued)

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.

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.

Special Events

Alpha Home records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Federal and State Income Taxes

Alpha Home is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statements. 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, 2023 and 2022. Alpha Home is not subject to the Texas state income 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 2023

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). Refer to **Note I**.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note B: Summary of Accounting Principles (Continued)

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, 2022 from which the summarized information was derived.

Note C: Liquidity and Availability of Financial Assets

The following represents Alpha Home's financial assets at August 31, 2023 and 2022 available to meet general expenditures over the next twelve months:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and Cash Equivalents	\$ 544,582	\$ 326,068
Certificates of Deposit	200,077	-
Accounts and Contracts Receivable	208,532	178,937
Investments	<u>1,029,861</u>	<u>606,802</u>
Total Financial Assets	<u>1,983,052</u>	<u>1,111,807</u>
Less those unavailable for general expenditures over the next twelve months due to:		
Net Assets with Donor Restrictions	402,784	184,652
Less net assets with timing restrictions to be met over the next twelve months	<u>-</u>	<u>-</u>
	<u>402,784</u>	<u>184,652</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,580,268</u>	<u>\$ 927,155</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.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note D: Accounts and Contracts Receivable

Accounts and Contracts Receivable consisted of the following at August 31:

	<u>2023</u>	<u>2022</u>
Texas Health and Human Services Commission	\$ 128,415	\$ 48,801
Courts and Pre-Trial Services	28,243	31,492
Bexar County, Insurance, Organizations and Individuals	<u>51,874</u>	<u>98,644</u>
Total Accounts and Contracts Receivable	<u>\$ 208,532</u>	<u>\$ 178,937</u>

Note E: Investments and Fair Value Measurements

Alpha Home 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, 2023.

- *Cash and Cash Equivalents* is valued at fair value.
- *Money Market Investment* and *Equities* is valued at the fair value of shares at quoted market prices.
- *Fixed Income* is 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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 14,559	\$ -	\$ -	\$ 14,559
Money Market Investment	361,659	-	-	361,659
Equities	402,732	-	-	402,732
Fixed Income	-	250,911	-	250,911
Total Investments at Fair Value	<u>\$ 778,950</u>	<u>\$ 250,911</u>	<u>\$ -</u>	<u>\$ 1,029,861</u>

The following table sets forth by level, within the fair value hierarchy, Alpha Home's investments at fair value as of August 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 7,094	\$ -	\$ -	\$ 7,094
Equities	359,251	-	-	359,251
Fixed Income	-	240,457	-	240,457
Total Investments at Fair Value	<u>\$ 366,345</u>	<u>\$ 240,457</u>	<u>\$ -</u>	<u>\$ 606,802</u>

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note E: Investments and Fair Value Measurements (Continued)

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

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 17,069	\$ 14,731
Unrealized Gain (Loss) on Investments	24,993	(76,950)
Realized Gain on Investments	29,622	15,588
Less: Fees	<u>(6,467)</u>	<u>(6,652)</u>
Total Investment Income (Loss), net	<u>\$ 65,217</u>	<u>\$ (53,283)</u>

Note F: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation consisted of the following at August 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 60,000	\$ 60,000
Building and Leasehold Improvements	816,971	733,035
Furniture and Equipment	390,229	390,229
Vehicles	<u>81,090</u>	<u>135,839</u>
Total Property and Equipment	1,348,290	1,319,103
Less: Accumulated Depreciation	<u>(900,394)</u>	<u>(886,039)</u>
Property and Equipment, Net of Accumulated Depreciation	<u>\$ 447,896</u>	<u>\$ 433,064</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, 2023 and 2022 was **\$69,104** and \$61,847, respectively.

Note G: Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Restricted by Purpose		
Salaries for Direct Care Staff	\$ 42,000	\$ -
Building Renovation	359,500	126,945
Bus Passes	<u>1,284</u>	<u>2,833</u>
Total Net Assets With Donor Restrictions	<u>\$ 402,784</u>	<u>\$ 184,652</u>

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note H: Concentrations

Credit Risk of Financial Instruments and Investments

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, 2023 and 2022, Alpha Home's cash balance at its financial institution exceeded the insured FDIC limit by **\$484,736** and \$90,075 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 maintains an investment account. The account at the institution is insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 for securities and cash, which includes a limit of \$250,000 for cash only. Alpha Home's investment balance at its financial institution exceeded the SIPC limit by **\$529,861** and \$106,802 at August 31, 2023 and 2022, respectively. Alpha Home has not experienced any losses in such account and management believes it is not exposed to a significant risk on its investment balance.

Program Fees and Contracts from Government Agencies

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

Source	2023	
	Amount	Percent of Total Support and Revenues
Contracts with Texas Health and Human Services Commission	\$ 1,024,590	25%
Texas Health and Human Services Commission Lump Sum Payments	354,301	9%
Other Contract Services and Insurance Providers	669,994	16%
Total Program Fees and Contracts from Government Agencies	\$ 2,048,885	50%

Source	2022	
	Amount	Percent of Total Support and Revenues
Contracts with Texas Health and Human Services Commission	\$ 1,146,290	33%
Other Contract Services and Insurance Providers	481,589	14%
Total Program Fees and Contracts from Government Agencies	\$ 1,627,879	47%

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note I: Lease

As discussed in **Note B**, Alpha Home adopted ASU 2016-02 during 2023. Alpha Home assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded in the Statements of Financial Position. Leases expense is recognized for these leases on a straight-line basis over the lease term. Alpha Home has elected to apply the short-term lease exception to all leases with a term of 12 months or less.

Alpha Home has a copier lease agreement that expires on July 31, 2028. The copier lease agreement will automatically renew for successive month-to-month renewal unless Alpha Home notifies in writing between 90 and 150 days before the end of the initial term or at least 30 days before the end of any renewal term of Alpha Home's intent to purchase or return the equipment. The copier lease agreement does not contain any material residual value guarantees or material restrictive covenants. Alpha Home also owns two properties, a residential/office facility at 814 Camden and a house converted to office use at 402 Carleton. Both are in the City of San Antonio.

The following summarizes the line items in the Statements of Financial Position which include amounts for operating and finance lease right-to-use assets and liabilities as of August 31, 2023:

Operating Lease Right-of-Use Asset	\$ <u>123,859</u>
Current Portion of Operating Lease Liability	\$ 23,464
Long-Term Portion of Operating Lease Liability	<u>99,531</u>
Total Operating Lease Liability	\$ <u>122,995</u>

The following summarizes the line items in the Statement of Functional Expenses which include the components of lease expenses for the year ended August 31, 2023:

Operating lease expense included in Equipment Rental and Maintenance Expense	\$ <u>9,184</u>
--	-----------------

The following summarizes the Statements of Cash Flows supplemental cash flow information for the year ended August 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating lease	\$ <u>10,048</u>
Right-of-use assets obtained in exchange for lease liabilities:	
Operating lease	\$ <u>131,885</u>

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note I: Lease (Continued)

The following summarizes the weighted average remaining lease term and discount rate as of August 31, 2023:

Weighted Average Remaining Lease Term (years):	
Operating lease	4.92
Weighted Average Discount Rate:	
Operating lease	3.64%

The maturities of lease liabilities as of August 31, 2023 were as follows:

2024	\$	27,552
2025		27,552
2026		27,552
2027		27,552
2028		25,256
Total Lease Payments		<u>135,464</u>
Less: Interest		<u>(12,469)</u>
Present Value of Lease Liabilities	\$	<u><u>122,995</u></u>

Note J: Contributed Nonfinancial Assets

For the years ended August 31, contributed nonfinancial assets recognized within the Statement of Activities included:

	<u>2023</u>	<u>2022</u>
Facilities	\$ 300,000	\$ 300,000
Professional Services	<u>134,960</u>	<u>202,228</u>
Total Contributed Nonfinancial Assets	<u><u>\$ 434,960</u></u>	<u><u>\$ 502,228</u></u>

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 **\$36,400** for the years ended August 31, 2023 and 2022. The fair rental value of the properties is estimated to be **\$336,400** for the years ended August 31, 2023 and 2022. The facilities were provided for Alpha Home's residential and outpatient services and management and general activities. Alpha Home estimated the fair value of facilities at the estimated fair value on the basis of comparable prices in real estate market. The facilities did not have donor-imposed restrictions. The difference between the estimated fair rental value and the rent expense is **\$300,000** for the years ended August 31, 2023 and 2022, and is included in the Statement of Functional Expenses as Contributed Nonfinancial Assets – Facilities and Professional Services.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note J: Contributed Nonfinancial Assets (Continued)

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. The professional services were provided for Alpha Home's residential and outpatient services. Alpha Home estimated the fair value of professional services at the estimated fair value on current rates for similar services. The professional services did not have donor-imposed restrictions. The contributed professional services amount of **\$134,960** and **\$202,228** for the years ended August 31, 2023 and 2022, respectively, is included in the Statement of Functional Expenses as Contributed Nonfinancial Assets – Facilities and Professional Services.

Note K: 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 **\$7,017** and **\$6,999** for the years ended August 31, 2023 and 2022, respectively.

Note L: 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 M: 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, 2023 and 2022, Alpha Home's actual costs, direct and indirect, exceeded reimbursements from the agencies by an estimated **\$0** and **\$442,730**, respectively. The 2023 governmental reimbursements included **\$354,301** in one-time payments from Texas Health and Human Services Commission. Refer to **Note H**.

Note N: CARF Accreditation

As a benchmark of Alpha Home's ability to provide quality services, Alpha Home's accreditation was extended thru April 2025 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/>.

Alpha Home, Inc.

Notes to Financial Statements
August 31, 2023 and 2022

Note O: Paycheck Protection Program Loan

On March 26, 2021, Alpha Home received loan proceeds in the amount of \$462,250 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. Alpha Home used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period.

On April 18, 2022, Alpha Home was granted 100% forgiveness on PPP loan and was legally released from the loan obligation. The forgiveness income is recorded as Gain on Extinguishment of Debt – Forgiven Paycheck Protection Program Loan in the amount of \$462,250 in the Statement of Activities for the year ended August 31, 2022.

Note P: Employee Retention Tax Credit

The CARES Act provides an Employee Retention Tax Credit which is a refundable tax credit against certain employment taxes per employee for eligible employees. Alpha Home qualified for the Employee Retention Tax Credit under the CARES Act. During the fiscal year ending August 31, 2023, Alpha Home recorded \$397,985 related to the Employee Retention Tax Credit and is included in the Statement of Activities as Employee Retention Tax Credit.

Note Q. Risk and Uncertainty

Current Economic Events

Certain current economic events have arisen which could impact Alpha Home's ongoing operations. The effects of economic stimulus programs and U.S. Federal Reserve actions remain uncertain. These matters could impact numerous facets of the business environment including interest rates, inflation, and the availability of goods, capital and labor. Any related financial impact cannot be reasonably estimated at this time.

Investment Risks

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying financial statements.

Note R: Reclassification

Certain amounts in the 2022 presentation have been reclassified to conform to the 2023 presentation. Net assets and change in net assets are unchanged due to the reclassifications.

Note S: Subsequent Events

Subsequent events have been evaluated through January 29, 2024, 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, 2023, 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 29, 2024.

Report on 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.

Report on 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.



Schrive, Carmona & Company, PLLC

San Antonio, Texas

January 29, 2024

**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

Opinion on Each Major Federal Program

We have audited 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance Section of our report.

We are required to be independent of Alpha Home and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Alpha Home's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Alpha Home's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alpha Home's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Alpha Home's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Alpha Home's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Alpha Home's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Alpha Home's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

January 29, 2024

Alpha Home, Inc.

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2023

<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>
<i>U.S. Department of Health and Human Services</i>			
<i>Substance Abuse and Mental Health Services Administration</i>			
<i>Pass through Texas Health and Human Services Commission</i>			
<u>Block Grants for Prevention and Treatment of Substance Abuse</u>			
	93.959		
Treatment Adult Services		HHS000663700059	\$ 540,790
Treatment Adult Services - Female		HHS000663700137	<u>483,800</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>1,024,590</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,024,590</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Alpha Home, Inc.

Notes to Schedule of Expenditures of Federal Awards
August 31, 2023

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, 2023. 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, 2023.

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 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	\$ 1,024,590
Texas Health and Human Services Commission Lump Sum	
Payments	354,301
Other Contract Services and Insurance Providers	<u>669,994</u>
Total Program Fees and Contracts from Government Agencies	<u>\$ 2,048,885</u>

Alpha Home, Inc.

Federal Awards – Schedule of Findings and Questioned Costs
Year Ended August 31, 2023

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>Assistance Listing 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?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS None

SECTION III - FEDERAL AWARD FINDINGS None

Alpha Home, Inc.

Federal Awards – Summary Status of Prior Year Audit Findings
Year Ended August 31, 2023

There are no findings from prior year that require an update in this report.