

NEXUS RECOVERY CENTER, INC.

Financial Statements and Compliance
with the *Uniform Guidance* and
the *State of Texas Audit Circular*
(With Independent Auditor's Report Thereon)

August 31, 2021 and 2020

NEXUS RECOVERY CENTER, INC.
Financial Statements and
Compliance with the *Uniform Guidance* and
the *State of Texas Single Audit Circular*
August 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nexus Recovery Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Nexus Recovery Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nexus Recovery Center, Inc. as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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/state/local awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State of Texas Single Audit Circular*, 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022 on our consideration of Nexus Recovery Center, Inc.'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 Nexus Recovery Center, Inc.'s internal control over financial reporting and compliance.

STILL BURTON LLP

Still Burton LLP

Farmers Branch, Texas
January 18, 2022

NEXUS RECOVERY CENTER, INC.

Statements of Financial Position

August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and cash equivalents	\$ 710,907	\$ 2,361,164
Investments	681,085	947,189
Service fees receivable, net	639,663	629,707
Grant and other receivable	232,615	16,520
Pledges receivable, net	359,884	24,250
Prepaid and deferred expenses	170,184	76,739
Fixed assets, net	<u>4,380,728</u>	<u>4,412,671</u>
TOTAL ASSETS	<u><u>\$ 7,175,066</u></u>	<u><u>\$ 8,468,240</u></u>
LIABILITIES:		
Accounts payable	\$ 84,217	\$ 92,495
Accrued liabilities	472,366	430,175
PPP Loan	<u>-</u>	<u>1,087,200</u>
Total Liabilities	<u>556,583</u>	<u>1,609,870</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	5,541,135	5,487,682
Board-designated	<u>984,465</u>	<u>950,863</u>
Total without donor restrictions	6,525,600	6,438,545
With donor restrictions	<u>92,883</u>	<u>419,825</u>
Total Net Assets	<u>6,618,483</u>	<u>6,858,370</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,175,066</u></u>	<u><u>\$ 8,468,240</u></u>

See accompanying notes and independent auditor's report.

NEXUS RECOVERY CENTER, INC.
 Statements of Activities and Changes in Net Assets
 Years Ended August 31, 2021 and 2020

	<u>2021</u>			<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
GENERAL REVENUES AND OTHER SUPPORT:						
General contributions	\$ 430,552	\$ 113,447	\$ 543,999	\$ 272,049	\$ 3,520	\$ 275,569
Foundation contributions	877,163	35,000	912,163	644,864	25,000	669,864
United Way support	415,678	-	415,678	234,789	-	234,789
Volunteer services and donated items	353,144	125,030	478,174	363,540	218,953	582,493
TREATMENT REVENUES:						
Managed care - behavioral health organizations	2,776,804	-	2,776,804	3,003,036	-	3,003,036
Texas Health and Human Services	-	2,656,496	2,656,496	-	3,066,812	3,066,812
Other state and local governmental contracts	182,380	-	182,380	367,538	-	367,538
Medicaid	949,218	-	949,218	1,039,148	-	1,039,148
Other funders, including self-pay	158,634	-	158,634	215,853	-	215,853
OTHER REVENUES:						
Clinical Trials Network research fees	531,268	-	531,268	24,816	-	24,816
Lone Star Card/USDA Special Nutrition Programs	24,251	18,485	42,736	45,307	28,393	73,700
Daycare service fees	188,614	-	188,614	124,227	-	124,227
Special event	-	-	-	60,250	-	60,250
Gain on sale of assets	(4,791)	-	(4,791)	-	-	-
Interest and investment income	881	-	881	17,140	-	17,140
Forgiveness of PPP loan	1,087,200	-	1,087,200	-	-	-
Miscellaneous	50,388	-	50,388	34,654	-	34,654
NET ASSETS RELEASED FROM RESTRICTIONS:						
Satisfaction of restrictions	3,275,400	(3,275,400)	-	3,572,111	(3,572,111)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>11,296,784</u>	<u>(326,942)</u>	<u>10,969,842</u>	<u>10,019,322</u>	<u>(229,433)</u>	<u>9,789,889</u>
EXPENSES:						
Program services	9,841,380	-	9,841,380	9,255,156	-	9,255,156
General and administrative	1,020,878	-	1,020,878	1,022,920	-	1,022,920
Fundraising	347,471	-	347,471	259,172	-	259,172
TOTAL EXPENSES	<u>11,209,729</u>	<u>-</u>	<u>11,209,729</u>	<u>10,537,248</u>	<u>-</u>	<u>10,537,248</u>
CHANGES IN NET ASSETS	87,055	(326,942)	(239,887)	(517,926)	(229,433)	(747,359)
NET ASSETS AT BEGINNING OF YEAR	6,438,545	419,825	6,858,370	6,956,471	649,258	7,605,729
NET ASSETS AT END OF YEAR	<u>\$ 6,525,600</u>	<u>\$ 92,883</u>	<u>\$ 6,618,483</u>	<u>\$ 6,438,545</u>	<u>\$ 419,825</u>	<u>\$ 6,858,370</u>

See accompanying notes and independent auditor's report.

NEXUS RECOVERY CENTER, INC.
 Statements of Cash Flows
 Years Ended August 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (239,887)	\$ (747,359)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	314,409	294,436
Gain on sale of fixed assets	4,791	-
Forgiveness of PPP loan	(1,087,200)	-
Changes in assets and liabilities:		
Service fees receivable	(9,956)	33,342
Grant fees receivable	(216,095)	(9,827)
Pledges receivable	(335,634)	48,704
Prepaid/deferred expenses	(93,445)	(46,704)
Accounts payable and accrued liabilities	43,589	16,909
Net cash used in operating activities	(1,619,428)	(410,499)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	266,104	-
Purchase of fixed assets	(296,933)	(83,579)
Purchase of investments	-	(1,786)
Net cash used in investing activities	(30,829)	(85,365)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP loan	-	1,087,200
Net cash provided by financing activities	-	1,087,200
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,650,257)	591,336
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,361,164	1,769,828
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 710,907	\$ 2,361,164

See accompanying notes and independent auditor's report.

NEXUS RECOVERY CENTER, INC.
 Statements of Functional Expense
 Years Ended August 31, 2021 and 2020

	Year Ended August 31, 2021				Year Ended August 31, 2020			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 4,965,400	\$ 529,340	\$ 248,416	\$ 5,743,156	\$ 4,659,382	\$ 623,275	\$ 183,775	\$ 5,466,432
Benefits	1,470,994	164,261	73,327	1,708,582	1,257,576	173,006	48,489	1,479,071
Professional fees	966,634	153,095	3,135	1,122,864	1,060,718	68,386	5,234	1,134,338
Supplies and food	1,080,294	32,855	7,593	1,120,742	1,058,006	25,654	1,178	1,084,838
Building and grounds	357,321	23,553	2,481	383,355	348,753	14,826	234	363,813
Depreciation	302,782	10,045	1,582	314,409	288,252	6,183	-	294,435
Telephone/utilities/rent	243,268	27,963	2,386	273,617	214,168	43,559	856	258,583
Other client costs	226,280	1,168	-	227,448	182,135	11,217	-	193,352
Agency vehicles	51,226	-	-	51,226	57,938	-	-	57,938
Miscellaneous	71,357	54,173	2,400	127,930	49,494	43,143	9,457	102,094
Travel/seminars/training/meetings	15,102	10,504	241	25,847	31,108	3,666	1,102	35,876
Postage/printing/publications	7,531	13,921	5,910	27,362	27,499	10,005	8,847	46,351
Uncollectible accounts	83,191	-	-	83,191	20,127	-	-	20,127
TOTAL EXPENSES	<u>\$ 9,841,380</u>	<u>\$ 1,020,878</u>	<u>\$ 347,471</u>	<u>\$ 11,209,729</u>	<u>\$ 9,255,156</u>	<u>\$ 1,022,920</u>	<u>\$ 259,172</u>	<u>\$ 10,537,248</u>

See accompanying notes and independent auditor's report.

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements
Years Ended August 31, 2021 and 2020

1. ORGANIZATION

Nexus Recovery Center, Inc. (Nexus), organized in 1971, is a Texas nonprofit corporation with residential and outpatient facilities located in Dallas, Texas. Nexus' mission is: "We serve as a community of hope and sobriety for all women and their families who strive to live healthy, resilient lives." The Nexus Board of Directors, which consists of representatives from the business and civic communities and professional fields, serves as its governing body. Funds are received primarily from federal and state agencies. Funds are also received from the private donor community, foundations, United Way and various local government agencies, as well as occasional self-pay and private insurance clients.

The Texas Health and Human Services Commission (HHSC) contracted with Nexus to provide community-based outreach and intervention services for pregnant and postpartum females with, or at risk for, substance abuse disorders.

Additionally, the HHSC contracted with Nexus to increase the prevalence and quality of long-term recovery from substance abuse disorders by mobilizing recovery support services, including peer support, coaching, and linkages to the community.

Enrollees are enrolled into one of three other medical coverage programs, as follows:

- Non-Medicaid-eligible persons in Dallas, Ellis, Hunt, Kaufman, Navarro and Rockwall counties are enrolled into the North Texas Behavioral Health Authority (NTBHA). Nexus contracts with NTBHA to provide substance use disorder treatment services to its enrollees.
- Non-Medicaid-eligible persons in Collin county are enrolled into Lifepath Systems, a non-profit organization which arranges medical services for uninsured residents of Collin County. Nexus contracts with Lifepath to provide substance use disorder treatment services to its enrollees.
- Medicaid-eligible persons are enrolled into existing Medicaid managed care organizations. Nexus has contractual relationships with these entities.

Basis of Accounting and Presentation – Nexus' financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (US GAAP), consistently applied.

Estimations, Approximations and Assumptions – Management makes use of estimations, approximations and assumptions in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America. The major estimations, approximations and assumptions are allowance for uncollectible service fees and pledges receivable, present value discount for long-term pledges, valuation of donated services and materials, allocation of functional expenses, useful lives of depreciable fixed assets, and estimates of accrued expenses. The methods used to make such accounting estimations, approximations and assumptions are believed by management to be reasonable and have been consistently applied. Actual results could differ.

Cash and Cash Equivalents – Cash and cash equivalents include short-term investments with an original maturity of less than ninety days.

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Asset Classifications – To ensure observance of limitations and restrictions placed on the use of resources available to Nexus, the accounts of Nexus are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources are classified for accounting purposes established according to purpose or time restrictions. Descriptions of the net asset types used by Nexus are as follows:

- *Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. These may be used for any purpose or designated for specific purposes by action of the Board of Directors.
- *With Donor Restrictions* –
 - Net assets which are subject to donor-imposed purpose restrictions or which expire by the passage of time.
 - Net assets subject to donor-imposed stipulations that the corpus be maintained permanently. These are often referred to as endowments. Nexus had none at August 31, 2021 or 2020.

Fair Value of Financial Instruments - The carrying amount of cash, cash equivalents, pledge receivables, accounts receivable, accounts payable and accrued expenses approximate fair market value at August 31, 2021 and 2020, because of their relatively short maturity and market terms. The fair value of mutual funds is determined based on quoted market values while the fair value of time deposits is estimated based on the principal invested plus accrued interest earned.

Concentration of Credit Risk - Financial instruments which potentially subject Nexus to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. Nexus, at times, may maintain deposits in financial institutions in excess of federally insured amounts; however, Nexus has not experienced losses on such accounts. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position. Receivables are regularly evaluated for collection risks.

Investments –Investments in money market mutual funds through a brokerage account are valued at cost plus accrued interest. Investment income and unrealized gains or losses are reported as increases or decreases in unrestricted net assets unless the donor placed restrictions on the income's use. The change in fair value between years is reflected in the statement of activities in the year of the change as investment income.

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Receivables and Revenue Recognition – Contributions are recognized as revenues and assets in the period received at their fair value at time of receipt. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows using a risk-free interest rate. Revenues are reported as increases in without donor restricted net assets unless use of the related assets is limited by donor-imposed restrictions. Once the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, restricted revenues are reclassified from with donor restrictions to without donor restrictions. Service fee, grant and other contract revenues are recognized as revenues in the period the related services are provided.

The above revenue recognition policies are derived from evaluating the Nexus' contracts with its customers through the following five-step process:

- Identification of the contract with the customer
- Identification of the performance obligation(s) in the contract
- Determine the transaction price
- Allocation of the transaction price to the performance obligation in the contract
- Recognition of revenue when, or as, Nexus satisfies their performance obligations

Performance obligations are a promise in a contract to provide a distinct product or service to a customer. A contract's transaction price is allocated to each distinct performance obligation within the contract. Substantially all of Nexus' contracts have a single performance obligation. In any instances where multiple obligations may exist, due to the short duration of the arrangement, or the insignificance of certain performance obligations, in substantially all instances, it is not necessary to allocate the transaction price to the distinct performance obligations as the allocation would not result in a different accounting outcome.

Uncollectible Accounts – An allowance for uncollectible service fee billings was established in order to record accounts receivable at their estimated net realizable value. Nexus uses the reserve method to account for uncollectible service fees receivable. Management periodically reviews service fees receivable on a claim-by-claim basis, concentrating on claims more than 90 days old. Management considers Nexus' past collection history with its payers and the age and value of the claims outstanding in evaluating the reserve requirement. Claims are written off when it appears collection efforts will not be successful. At August 31, 2021 and 2020, \$56,468 and \$19,859 is reserved for uncollectible service fees receivable.

Fixed Assets – Land, buildings, and equipment (including furniture, fixtures, and vehicles) are reported at cost, if purchased, or fair value at the date of donation. Provisions for depreciation are computed on a straight-line basis for financial reporting purposes. The useful lives used for depreciation are as follows:

Buildings	31.5 years
Building improvements	5 to 20 years
Equipment	3 to 10 years
Furniture and fixtures	2 to 10 years
Vehicles	5 years

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fixed Assets (Continued) – Maintenance, repairs, and minor replacements are charged to expense while major replacements and betterments, with a unit value of \$1,000 or more, are capitalized. Nexus does not recognize depreciation on construction in progress until assets are placed in service.

Long-Lived Assets - Long-lived assets held and used by Nexus are periodically reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, Nexus compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made. No indicators of impairment existed at August 31, 2021 or 2020.

Expenses – Expenses are recorded when incurred. Indirect support expenses are allocated to treatment programs or departments, based on an acceptable allocation method for the type of expenditure. Expense allocations are recomputed quarterly.

Functional Allocation of Expenses - Expenses have been summarized on a functional basis and allocated in the statement of activities. Accordingly, the majority of costs among program services are activities that result in goods and services being distributed to clients that fulfill the purpose and mission of Nexus and are a result of direct conduct or direct supervision. The other costs among program services are allocated by number of employees in the program on a pro-rata basis. All remaining costs are for supporting activities and are allocated between fundraising and management and general based on management's estimates.

Volunteer Services and In-Kind Contributions – Nexus uses the services of medical and other personnel either without charge or at reduced rates. In addition, Nexus receives donations of goods and services from various organizations and individuals in the community.

Lone Star Card/National School Lunch/Child and Adult Care Food Program Income – Nexus assists eligible clients to apply for the Lone Star Card subsidized food benefit program administered by the Texas Health and Human Services Commission. Benefits received on behalf of the clients were used to offset the costs of providing the clients food while in residence at Nexus.

Income Taxes - Nexus is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. Nexus has been classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC, and as such, contributions to Nexus qualify for deduction as charitable contributions. Nexus did not have any unrelated business income tax liability or expense for the years ended August 31, 2021 or 2020.

Nexus may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The determination is based on the technical merits of the position and presumes that the relevant taxing authority that has full knowledge of all relevant information will examine each uncertain tax position. Nexus has concluded that it does not have any unrecognized tax benefits resulting from current or prior period tax positions. In addition, Nexus does not have any outstanding tax interest or penalties, and none have been recorded in the statement of activities for the years ended August 31, 2021 or 2020. Generally, the three prior years remain open for examination.

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, **Revenue from Contracts with Customers**, a converged standard on revenue recognition between the FASB and International Accounting Standards Board. The objective of the revenue standard is to provide a single, comprehensive revenue recognition model for all contracts to improve comparability within and across industries. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. FASB deferred the effective date for fiscal years beginning after December 15, 2019 for non-profit entities. During Nexus' fiscal year ended August 31, 2021, this ASU was implemented with no material impact to the financial statements.

In September 2020, the FASB issued ASU 2020-07, **Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets**. With this new ASU, organizations receiving contributions of nonfinancial assets are now required to present such contributions as a separate line item on the statement of activities. Additionally, more detailed disclosures will be required, including both goods and services. The ASU is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. Implementation will be required for Nexus' fiscal year ended August 31, 2022. Management is currently evaluating impact, if any, on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, **Leases (Topic 842)**. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for periods beginning after December 15, 2021. Early adoption is permitted. Nexus has elected not to early adopt this ASU as of August 31, 2021. Nexus is required to implement this ASU for the year ended August 31, 2023. Management is currently evaluating impact, if any, on its financial statements.

3. PLEDGES RECEIVABLE

Net pledges receivable consisted of the following at August 31:

	2021		
	<u><1 Year</u>	<u>>1 <5 Years</u>	<u>Total</u>
Pledges receivable	\$ 326,000	\$ 40,000	\$ 366,000
Allowance	(4,155)	(1,200)	(5,355)
Discount	-	(761)	(761)
Net pledges receivable	<u>\$ 321,845</u>	<u>\$ 38,039</u>	<u>\$ 359,884</u>
	2020		
	<u><1 Year</u>	<u>>1 <5 Years</u>	<u>Total</u>
Pledges receivable	\$ 25,000	\$ -	\$ 25,000
Allowance	(750)	-	(750)
Discount	-	-	-
Net pledges receivable	<u>\$ 24,250</u>	<u>\$ -</u>	<u>\$ 24,250</u>

Pledges receivable due after one year were discounted to their estimated net present value based on a risk-free rate methodology wherein each year's pledges are discounted at the U.S. Treasury average interest rate for "Total Marketable" securities as of August 31. For 2021 and 2020, the assigned rate for new pledges was 2%.

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

4. LIQUIDITY

Nexus' financial assets available within one year of the fiscal year end date for general expenditures for the years ended August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 710,907	\$2,361,164
Service fee receivable, net	639,663	629,707
Grant and other receivable	232,615	16,520
Pledges receivable, net	321,845	24,250
Investments	<u>681,085</u>	<u>947,189</u>
Financial assets available at year end	2,586,115	3,978,830
Less those unavailable for general expenditures within one year, due to:		
Time or purpose restrictions	(92,883)	(419,825)
Board designations	<u>(984,465)</u>	<u>(950,863)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,508,767</u>	<u>\$2,608,142</u>

In addition, Nexus has \$475,000 in available lines of credit (Note 8). As part of Nexus' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

5. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are considered Level 1 when their values are determined using quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1, such as quoted prices for similar assets in active or inactive markets, inputs other than quoted prices that are observable for the asset, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

At August 31, 2021, all investments at brokerages consist of \$681,085 in money market mutual funds and are considered Level 1. At August 31, 2020, investments at brokerages consist of \$407,032 in money market mutual funds and \$572,072 in mutual funds and are considered Level 1. For the years ended August 31, 2021 and 2020, respectively, approximately \$1,000 and \$17,000 in interest and investment income is recorded as other revenues in the statements of activities and changes in net assets.

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

6. FIXED ASSETS

Fixed assets consisted of the following at August 31:

	2021	2020
Land	\$ 221,751	\$ 221,751
Buildings	5,284,378	5,284,378
Building improvements	1,097,048	1,025,447
Furniture, fixtures and equipment	950,317	838,035
Vehicles	204,754	222,754
Construction in progress	33,409	-
	7,791,657	7,592,365
Less: accumulated depreciation	<u>(3,410,929)</u>	<u>(3,179,694)</u>
	<u>\$ 4,380,728</u>	<u>\$ 4,412,671</u>

Depreciation expense for the years ended August 31, 2021 and 2020 was \$314,409 and \$294,436, respectively.

7. LEASED PROPERTY AND EQUIPMENT

Nexus leases certain office equipment and building space used in its operations through non-cancelable operating leases. Total equipment and building space rent expense for the years ended August 31, 2021 and 2020 was approximately \$113,000 and \$105,000, respectively, are included in building and grounds and telephone/utilities/rent expense in the accompanying statement of functional expenses. Subsequent to year end, the building space lease was extended through December 31, 2023, and the related lease commitment of approximately \$128,000 is included in the table below. The following is a schedule of minimum lease payments required under existing noncancelable leases as of August 31:

2022	\$102,955
2023	104,661
2024	61,095
2025	<u>39,780</u>
	<u>\$308,491</u>

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

8. LINE OF CREDIT

Nexus established a revolving demand line of credit with a bank, for working capital purposes, that is secured by substantially all of the property at 8733 La Prada Drive, Dallas, Texas. The line of credit consists of two master demand notes, with no expiration dates, which are subject to periodic and annual credit reviews. The total amount available to Nexus as of August 31, 2021 and 2020 was \$475,000, of which \$0 was outstanding as of August 31, 2021 and 2020, respectively. Funds drawn on the line of credit are payable with interest at the lender's prime rate (3.25% at August 31, 2021) plus 0.75 percent as follows:

<u>Note No.</u>	<u>Date Established</u>	<u>Expiration Date</u>	<u>Interest Rate</u>	<u>Principal Available</u>	<u>2021 Amount Funded</u>	<u>2020 Amount Funded</u>
1.	1/26/98	NA	Prime + 0.75%	\$ 250,000	\$ -	\$ -
2.	8/13/99	NA	Prime + 0.75%	225,000	-	-
				<u>\$ 475,000</u>	<u>\$ -</u>	<u>\$ -</u>

9. IMPACT OF COVID-19 AND THE PAYCHECK PROTECTION PROGRAM LOAN

During the spring of 2020, a worldwide pandemic related to COVID-19 virtually shut down the U.S. economy for several months. Nexus was able to continue operations, though logistics and client service delivery were modified as needed for safety. Management and the Board of Directors made the decision to suspend Nexus' adolescent substance use disorder treatment services as of August 31, 2020, as a result of the pandemic. Juvenile referral agencies, such as court systems, probation and schools, were either not operating or operating at limited capacity from March through August 2020. During fiscal year 2020, Nexus had expended resources on the adolescent program, which primarily drove the net loss noted on the Statement of Activities, however was not receiving operating revenue for the program because of an extremely low census. As of September 1, 2020, Nexus repurposed the resources historically used for adolescent programming and expanded its service offerings for adult women. As part of the strategic plan adopted by management and the Board of Directors in August of 2021, Nexus has permanently ended the adolescent program, which represented approximately 5% of total treatment revenue for the year ended August 31, 2020.

Nexus experienced three distinct quarantine periods as a result of residential client(s) testing positive for COVID-19 while enrolled in services. As a result, admissions were temporarily suspended for the 14-day quarantine period as defined by the Center of Disease Control for impacted programs, but operations never fully ceased at any point during fiscal year 2021. The loss in public revenue as a result of temporarily suspending admissions due to COVID, and the resulting decline in number of clients served each day was estimated at approximately \$600,000.

Nexus obtained a payroll protection program ("PPP") loan of \$1,087,200 from the Small Business Administration ("SBA") on May 13, 2020. In December 2020, Nexus was notified that the SBA approved the conversion of the PPP loan into a grant in the full amount of the loan. There was no requirement for repayment nor impact on liquidity in fiscal year 2021.

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

10. FUNDRAISING

Fundraising costs of approximately \$347,000 and \$259,000 for the years ended August 31, 2021 and 2020, respectively, are included in general and administrative expense in the accompanying statement of functional expenses. These expenses are considered by management to be essential to the ongoing operations of Nexus.

11. NET ASSETS WITHOUT DONOR RESTRICTIONS-BOARD-DESIGNATED

The Board of Directors has designated certain surplus funds for potential non-current future needs. The operating reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss of funding or uninsured losses. The capital asset reserve is intended to serve as a source of funds for the acquisition or repair of property and equipment. The endowment reserve is intended to serve as funding for a future endowment fund. Without donor restrictions-board designated net assets for Nexus are as follows at August 31:

	<u>2021</u>	<u>2020</u>
Operating reserve	\$505,000	\$471,425
Capital asset reserve	300,000	300,000
Endowment reserve	179,465	179,438
	<u>\$984,465</u>	<u>\$950,863</u>

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with temporary restrictions consisted of the following:

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
Clients' general needs	\$ -	\$ 2,553
Child development center	90,021	394,003
Clinical training institute	-	15,624
Adolescent program	-	3,652
Clients' garden	2,635	3,766
Green environmental initiatives	227	227
	<u>\$ 92,883</u>	<u>\$419,825</u>

13. RISK MANAGEMENT

Nexus management reviews a risk management program to promote the safety of its employees and minimize loss exposure to its financial assets. Annually, a review of risks and insurable assets is performed and loss prevention is established through the purchase of a fully insured program with a well-rated insurance company. Purchased coverage meets or exceeds all contractual requirements of funders.

NEXUS RECOVERY CENTER, INC.
Notes to Financial Statements - Continued
Years Ended August 31, 2021 and 2020

14. CONTINGENCIES

Nexus is involved from time to time in certain legal actions arising from normal business activities. For the years ended, August 31, 2021 and 2020, there are no such legal actions.

Nexus receives federal, state, local government, and private agency awards for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the awards. In the opinion of management, disallowed costs, if any, will not materially affect the financial position or results of operations of Nexus.

15. EMPLOYEE THRIFT PLAN

Nexus has a 403b thrift plan that is available to all staff that have at least nine months of employment. Once in the plan, an employee continues to participate in the plan for each service hour worked. Under the plan, Nexus matches amounts contributed by each participant (a maximum of 3% of each participant's annual compensation). Participants must be employed at Nexus for three years before employer contributions vest. Under this plan, Nexus incurred expenses of \$50,376 and \$50,937, respectively, for the years ended August 31, 2021 and 2020 which are included in benefits expense in the accompanying statement of functional expenses.

16. CONCENTRATIONS

Nexus derives revenue primarily from the HHSC and NTBHA (see Note 1). At August 31, 2021 and 2020, 13% and 36%, respectively, of service fees receivable were due from HHSC; 43% and 43%, respectively were due from NTBHA.

For the years ended August 31, 2021 and 2020, 24% and 31% of total revenues and other support were from HHSC, respectively, while for the years ended August 31, 2021 and 2020, 24% and 29% of total revenues and other support were from NTBHA, respectively.

Continued funding from these sources, at current levels, is dependent upon various factors. Such factors include, but are not limited to, economic conditions, compliance with grant or contract provisions, continued government approval, new legislation, donor satisfaction, and public perception of mission effectiveness and relative importance.

17. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 18, 2022, which is the date the financial statements were available to be issued. During the first few months of fiscal year 2022, Nexus continues to be impacted by COVID-19, both operationally and financially. Management, with approval from the Board of Directors, utilized \$300,000 of the board designated operating reserves to supplement lower than expected cash flows. Nexus also received the fourth round of Health Resources and Services Administration Provider Relief funding during December 2021 of approximately \$575,000. The federal funding received as well as the utilization of the reserves has allowed Nexus to significantly reduce the impact of COVID-19 on operations.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the *Uniform Guidance* and the *State of Texas Single Audit Circular*

To the Board of Directors
Nexus Recovery Center, Inc.:

Report on Compliance for Each Major Federal and State Program

We have audited the compliance of Nexus Recovery Center, Inc. (Nexus) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the State of Texas Single Audit Circular (State Circular)* that could have a direct and material effect on each of Nexus' major federal and state programs for the year ended August 31, 2021. Nexus' major federal and state 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Nexus' major federal and state 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; the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance, and the State of Texas Single Audit Circular, 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 or state program occurred. An audit includes examining, on a test basis, evidence about Nexus' 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 and state program. However, our audit does not provide a legal determination of Nexus' compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of Nexus 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 Nexus' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, 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 Nexus' 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 or state 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 or state 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 or state 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 and the State Circular. Accordingly, this report is not suitable for any other purpose.

STILL BURTON LLP

Still Burton LLP

Farmers Branch, Texas
January 18, 2022

**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
Nexus Recovery Center, 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 Nexus Recovery Center, Inc. (Nexus), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nexus' 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 Nexus' internal control. Accordingly, we do not express an opinion on the effectiveness of Nexus' 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 Nexus' financial statements are free of 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*.

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 Nexus Recovery Center, Inc.'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

STILL BURTON LLP



Farmers Branch, Texas
January 18, 2022

NEXUS RECOVERY CENTER, INC.
Schedule of Expenditures of Federal/State/Local Awards
For the Year Ended August 31, 2021

Federal/State/Local Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services passed through			
Texas Health and Human Services Commission;			
Prevention and Treatment of Substance Abuse:			
HHSC Women and Children, Specialized Female	93.959	HHS000663700234	\$ 669,500
HHSC Adult	93.959	HHS000663700196	730,322
HHSC Co-occurring Mental Health and Substance Abuse Services	93.959	HHS000663700157	70,000
HHSC Recovery Support Services	93.959	HHS000130500021	200,000
			<u>1,669,822</u>
U.S. Department of Health and Human Services passed through			
North Texas Behavioral Health Authority;			
Prevention and Treatment of Substance Abuse:			
NTBHA Opioid Substitution Therapy	93.959	HHS000779800005	382,458
NTBHA Women and Children, Specialized Female	93.959	HHS000779800003	886,913
NTBHA Co-occurring Mental Health and Substance Abuse Services	93.959	HHS000779800004	108,644
NTBHA Recovery Support Services	93.959	2016-048378-003	133,820
NTBHA Adult Women	93.959	HHS000779800002	715,208
			<u>2,227,043</u>
U.S. Department of Health and Human Services passed through			
Collin County MHMR Center;			
Prevention and Treatment of Substance Abuse:			
LIFEPATH Adult, Adult Detoxification	93.959	HHS000779800013	55,815
Sub-total CFDA 93.959			<u>3,952,680</u>
U.S. Department of Health and Human Services passed through			
University of Texas Health Science Center at San Antonio			
TX Medication for Opioid Use Disorder (TX MOUD)			
	93.788	HHS000562000001	122,788
U.S. Department of Health and Human Services passed through			
North Texas Behavioral Health Authority;			
Prevention and Treatment of Substance Abuse:			
NTBHA Office-based Opioid Treatment	93.788	2018-050035-001	106,993
Sub-total CFDA 93.788			<u>229,781</u>
U.S. Department of Health and Human Services passed through			
National Institutes of Health and University of Texas			
Southwestern Medical Center;			
Clinical Trials Network - The Texas Node:			
Community Treatment Providers Infrastructure	93.279	UG1DA020024 (FAIN)	11,197
U.S. Department of Health and Human Services passed through			
Substance Abuse and Mental Health Services Administration and			
Grossman School of Medicine;			
NIDA Clinical Trials Network-New York Node:			
Surmounting Withdrawal to Initiate Fast Treatment (SWIFT) with Naltrexone	93.279	UG1DA013035 (FAIN)	322,609
Sub-total CFDA 93.279			<u>333,806</u>
U.S. Department of Health and Human Services passed through			
Substance Abuse and Mental Health Services Administration and the City of Dallas			
Expand Capacity at South Dallas Drug Court	93.243	ATT-2021-00015164	2,700
Total Federal Expenditures			<u>\$ 4,518,967</u>

NEXUS RECOVERY CENTER, INC.
Schedule of Expenditures of Federal/State/Local Awards
For the Year Ended August 31, 2021

Federal/State/Local Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures
State:			
Texas Health and Human Services Commission; Prevention and Treatment of Substance Abuse:			
HHSC Women and Children, Specialized Female	NA	HHS000663700234	535,633
HHSC Adult	NA	HHS000663700196	74,012
HHSC Co-occurring Mental Health and Substance Abuse Services	NA	HHS000663700157	26,351
HHSC Comprehensive Continuum of Care for Females	NA	HHS000663700088	350,000
			<u>985,996</u>
North Texas Behavioral Health Authority			
NTBHA Opioid Substitution Therapy	NA	HHS000779800005	4,913
NTBHA Women and Children, Specialized Female	NA	HHS000779800003	129,510
NTBHA Co-occurring Mental Health and Substance Abuse Services	NA	HHS000779800004	21,461
NTBHA Adult Women	NA	HHS000779800002	54,750
			<u>210,634</u>
Collin County MHMR Center; LIFEPATH Adult Detoxification			
	NA	HHS000779800013	40,880
Total State Expenditures			<u>1,237,510</u>
Local:			
Dallas County Community Supervision and Corrections Department; Residential Substance Abuse Treatment Services:			
Adult Women	NA	2011-083-5628	43,785
Dallas County DIVERT Court Program; Substance Abuse Treatment Services:			
Adult Women	NA	2011-024-5342	138,595
Collin County Community Supervision and Corrections Department; Substance Abuse Treatment Services, Detoxification and Residential:			
Adult Women	NA	2020-397	15,908
Total Local Expenditures			<u>198,288</u>
Total State/Local Expenditures			<u>1,435,798</u>
Total Federal/State/Local Expenditures			<u><u>\$5,954,765</u></u>

NEXUS RECOVERY CENTER, INC.

Notes to Schedule of Expenditures of Federal/State/Local Awards
Year Ended August 31, 2021

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Schedule of Expenditures of Federal/State/Local Awards (the Schedule) includes the activity of all federal and state programs administered by Nexus Recovery Center, Inc. (Nexus). Nexus' organization is defined in Note 1 of Nexus' basic financial statements.

(b) Basis of Presentation

The Schedule presents total federal, state and local awards expended for each individual program in accordance with the *Uniform Guidance* and the *State of Texas Single Audit Circular*.

(c) Basis of Accounting

The expenditures for each of the federal, state and local financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 2 of Nexus' basic financial statements.

(2) Relationship to Federal/State/Local Financial Reports

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 2 of Nexus' financial statements.

(3) Insurance Coverage

Nexus carried insurance coverage during the grant period as explained in Note 10 of Nexus' financial statements.

(4) Subrecipients

Nexus made no payments to subrecipients during the year.

(5) Indirect Cost Rate

Nexus is subject to use the 10% de minimus indirect cost rate as allowed under the *Uniform Guidance* and *State of Texas Single Audit Circular*.

NEXUS RECOVERY CENTER, INC.
Schedule of Findings and Questioned Costs
Year Ended August 31, 2021

Section I - Summary of Auditors' Results

A Financial Statements

Type of auditors' report issued: **Unqualified opinion**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weaknesses? **None**

Noncompliance material to financial statements noted? **No**

B. Federal Awards

Internal control over compliance:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weaknesses? **No**

Type of auditors' report issued on compliance for major federal program: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Subpart A §200.5 of the Uniform Guidance? **No**

B. State/Local Awards

Internal control over compliance:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weaknesses? **No**

Type of auditors' report issued on compliance for major state program: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular? **No**

NEXUS RECOVERY CENTER, INC.
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2021

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.959	Block Grant for Prevention and Treatment of Substance Abuse

Identification of major state program:

<u>State Number</u>	<u>Name of Federal Program or Cluster</u>
NA	Block Grant for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish programs: **\$750,000**

Auditee qualified as low-risk auditee: **No**

Section II - Financial Statement Findings

None

Section III (A) – Federal/State Award Findings and Questioned Costs

None

Section IV (A) – Summary Schedule of Federal/State/Local Prior Audit Findings

None