

Washington Regional Alcohol Program, Inc.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended September 30, 2019

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James R. Turner & Company, P.C.

Certified Public Accountant

703-506-0198

INDEPENDENT AUDITORS' REPORT

To the Board of Directors-
Washington Regional Alcohol Program, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Washington Regional Alcohol Program, Inc., which comprise the balance sheet as of September 30, 2019, and the related statements of activities, functional expenditures, changes in net assets and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 our audit evidence is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Regional Alcohol Program, Inc., as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

James R Turner & Company, P.C.

Vienna, VA
February 28, 2020

Washington Regional Alcohol Program, Inc.
BALANCE SHEET
September 30, 2019

Assets

Current assets	
Cash	\$ 834,615
Grants and contracts receivable	95,822
Sponsors and other receivables	8,012
Prepaid expenses and deposits	7,211
Total current assets	945,660
Office furniture and equipment-At Cost	8,608
Accumulated depreciation	(2,604)
	6,004
Total assets	\$ 951,664

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 1,698
Payroll taxes withheld and accrued	666
Accrued expenses and liabilities	3,116
Deferred revenue	574,889
Current portion of capital lease obligation	1,259
Total current liabilities	581,628
Capital lease obligation	
Capital lease obligation, less corrent portion of \$1,259	4,023
Total liabilities	585,651
Net assets	
Net assets without donor restrictions	366,013
Total liabilities and net assets	\$ 951,664

See notes to financial statements

Washington Regional Alcohol Program, Inc.
STATEMENT OF ACTIVITIES
Year ended September 30, 2019

Revenue and other support	
Checkpoint Strikeforce grant	\$ 1,181,169
Other grants	510,390
In-Kind Contributions	513,000
Contributions	163,745
Total revenue and other support	2,368,304
Expenditures	
Program services:	
Public information and education	2,038,531
SoberRide	57,396
Youth outreach	41,434
Adult outreach	16,617
Other programs	123,331
Advocacy	6,714
	2,284,023
Management and general	66,976
Fundraising	11,662
	2,362,661
Change in net assets	5,643
Net assets without donor restrictions, beginning of year	360,370
Net assets without donor restrictions, end of year	\$ 366,013

See notes to financial statements

Washington Regional Alcohol Program, Inc.
 STATEMENT OF CASH FLOWS
 Year ended September 30, 2019

Cash flows from operating activities	
Change in net assets	\$ <u>5,643</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	0
(Increase) decrease in grants receivable	12,994
(Increase) decrease in pledges receivables	(7,008)
(Increase) decrease in prepaid expenses	1,200
Increase (decrease) in accounts payable	(37,185)
Increase (decrease) in payroll taxes withheld and accrued	(22)
Increase (decrease) in accrued liabilities	0
Increase (decrease) in deferred sponsor revenue	(85,425)
Increase (decrease) in deferred rent	(2,136)
Total adjustments	<u>(117,582)</u>
Net cash provided (used) by operating activities	<u>(111,939)</u>
Cash flow from investing activities:	
Cash payments for the purchase of property	<u>(5,724)</u>
Net cash provided (used) by investing activities	<u>(5,724)</u>
Cash flow from financing activities:	
Proceeds from issuance of long-term debt	5,724
Payment on lease obligation	(442)
Net cash provided (used) by financing activities	<u>5,282</u>
Net increase (decrease) in cash and equivalents	(112,381)
Cash and equivalents, beginning of year	946,996
Cash and equivalents, end of year	<u>\$ 834,615</u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest expense	<u>\$ 1,088</u>

See notes to financial statements

Washington Regional Alcohol Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2019

	Public Information and Education	SoberRide	Youth Outreach	Adult Outreach	Other Programs	Advocacy	Management Fund-raising & General	Total
Consultants	\$ 1,674,575	\$ -	\$ -	\$ 110,621	\$ -	\$ 1,785,196	\$ -	\$ 1,785,196
Salaries and related benefits	210,475	-	38,317	15,877	-	5,198	106,541	385,847
Awards and other	-	-	-	-	-	-	-	-
SoberRide cab fares	-	55,176	-	-	-	-	-	55,176
Printing	33,591	-	-	-	144	-	-	33,735
Accounting and legal	12,330	-	-	-	-	203	7,670	20,763
Telephone	350	-	-	-	-	-	3,213	3,563
Rent-office	-	-	-	-	-	-	19,938	19,938
Conferences and meetings	6,958	-	-	-	-	20	-	6,978
Travel and lodging	5,411	-	625	119	478	867	478	8,007
Meals	-	-	-	-	-	-	574	574
Postage	5,323	-	-	-	277	-	147	5,761
Supplies and office expense	5,661	-	890	-	6,921	166	1,159	14,797
Insurance	-	-	-	-	-	-	8,728	8,728
Computer and Web Page support	4,998	-	-	-	120	-	2,190	7,308
Miscellaneous and depreciation of \$187	-	-	-	-	-	-	1,144	2,162
Equipment rental and maintenance	-	-	-	-	-	-	2,888	2,888
Carrying charges and interest	-	-	-	-	-	-	1,088	1,088
Total direct expenses	1,959,672	55,176	39,832	15,996	118,561	6,454	155,758	2,362,661
Allocated indirect expenses	78,859	2,220	1,602	621	4,770	260	(88,782)	450
	\$ 2,038,531	\$ 57,396	\$ 41,434	\$ 16,617	\$ 123,331	\$ 6,714	\$ 66,976	\$ 2,362,661

See notes to financial statements

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization The Washington Regional Alcohol Program, Inc. (the Organization) was incorporated under the laws of the state of Maryland. The Organization is a non-profit-public-private partnership working to prevent drunk driving and underage drinking in the Washington, D.C. metropolitan area.

Basis of Presentation Financial statement presentation follows generally accepted accounting principles. Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The financial statements are prepared on the accrual basis.

Revenue is generated primarily through public grant programs and private sector contributions. The grant programs are sponsored by federal, state and local governments and reimburse the Organization for labor and administrative costs incurred to conduct programs aimed at reducing alcohol related fatalities and underage drinking. Advertising costs are expensed as incurred.

Income Taxes The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code on all but unrelated business income. The Organization had no unrelated business income during the year ended September 30, 2019. The Organization's tax returns open to examination are the years ended September 30, 2016, 2017 and 2018.

Cash and Cash Equivalents The Organization considers all highly liquid short-term investments which have an original maturity of three months or less when acquired, to be cash equivalents.

Property and Equipment Property and equipment are stated at cost. Contributed property and equipment is stated at fair market value on the date of contribution. The Organization capitalizes all acquisitions of property and equipment in excess of \$500. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 7 years.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2019

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Functional
Allocation of
Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Primarily on direct costs of programs and direct salaries

**Recognition of
Donor Restricted
Contributions**

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**Concentration of
Credit Risk**

Cash is maintained at a bank insured by the Federal Deposit Insurance Corporation up to \$250,000. Management believes that the risk of any loss in excess of the insurance amount is minimal.

**Contributed
Services**

Contributed services to air public service announcements to benefit the Organization's public education programs were received and meet the criteria for recognition in the financial statements during the year ended September 30, 2019. The fair value of the contributed air time, which totaled \$513,000, is recognized as an in-kind contribution and a consulting expense in the financial statements.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2019

NOTE B – FEDERALLY ASSISTED GRANT PROGRAMS

The Organization participates in a number of federally assisted grant programs. The Organization's federal and state grants are subject to federal and state compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. Based upon prior experience, the Organization believes that such disallowances, if any, would not be significant.

NOTE C – COMMITMENT

The Organization leases office space under an operation lease that expires September 30, 2020. Rent expense for the rear ended September 30, 2019 was \$19,938.

NOTE D- OPERATING VULNERABILITY

The Organization is heavily dependent upon government grants and contracts for its operations. If government funds were curtailed, it would be necessary to curtail or eliminate several programs. The expectation is that government entities will continue funding many of the programs. In the event one funding source would terminate the relationship with the Organization, management believes sufficient funding exists from other sources to continue the basic program of the Organization.

NOTE E-RETIREMENT PLAN

Eligible employees of the Organization are included, on a voluntary basis, in a contributory tax-deferred annuity plan administered by the Organization. Employees satisfy eligibility requirements when they complete one year of service and are at least eighteen years old or older. Contributions by the Organization were \$15,264.

NOTE F-SUBSEQUENT EVENTS

Subsequent events have been considered by the Organization and are included in the financial statements through February 28, 2020, the date the financial statements were available for issue.

NOTE G-LINE OF CREDIT

The Organization has a \$50,000 unsecured line of credit with a local bank. No draws were made on the line of credit and no amounts were outstanding at September 30, 2019.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2019

NOTE G-OBLIGATION UNDER CAPITAL LEASE

The Organization entered into lease agreement for office equipment under a lease agreement capitalized as a capital lease. Under the terms of the lease, the Organization can purchase the equipment at the conclusion of the lease for one dollar. Lease payments are paid monthly and include imputed interest of 6.25%, final payment is due July 19, 2023.

Payments under the lease for the five years after September 30, 2019 follows:

2020	\$1,553
2021	1,553
2022	1,553
2023	<u>1,295</u>
Total payments	5,954
Less imputed interest	<u>(672)</u>
	<u>\$5,252</u>

NOTE H- NEW ACCOUNTING PRONOUNCEMENT

Effective October 1, 2018, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-profit Entities, issued in August 2016*. The update addressed the complexity and understandability of net asset classification, information about liquidity and availability of resources and other matters. The adoption of the update had no significant impact of the financial statements of the Organization.

The organization presents its financial position on a classified basis which provides liquidly information about the organization's current assets and liabilities. The organization has determined that operations for the next year will provide sufficient resources to fund its ongoing requirements.