

Washington Regional Alcohol Program, Inc.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended September 30, 2022

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James R. Turner & Company, P.C.

Certified Public Accountant

703-506-0198

INDEPENDENT AUDITORS' REPORT

Board of Directors
Washington Regional Alcohol Program, Inc.

Opinion

We have audited the accompanying financial statements of the Washington Regional Alcohol Program, Inc., which comprise the balance sheet as of September 30, 2022 and the related statements of activities, changes in net assets, cash flows and functional expenditures for the year ended September 30, 2022 and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Washington Regional Alcohol Program, Inc., as of September 30, 2022 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 of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of this report. We are required to be independent of the Washington Regional Alcohol Program, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that our audit evidence that 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 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. 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 Washington Regional Alcohol Program, Inc.'s ability to continue as a going concern for one year from the date the financial statements are 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 it is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be

material, if there is likelihood that, individually or in the aggregate, they could reasonably be expected to influence the judgement made by a reasonable user based upon the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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, 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 purpose of expressing an opinion on the effectiveness of Washington Regional Alcohol Program, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of the 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 judgement, there are conditions or events, considered in the aggregate, raise substantial doubt about Washington Regional Alcohol Program, Inc.'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.

James R Turner & Company, P.C.

Vienna, VA
April 25, 2023

Washington Regional Alcohol Program, Inc.
BALANCE SHEET
September 30, 2022

Assets

Current assets		
Cash	\$	907,207
Grants and contracts receivable		131,114
Sponsors and other receivables		3,512
Prepaid expenses and deposits		5,574
Total current assets		1,047,407
Office furniture and equipment-At Cost		8,608
Accumulated depreciation		(6,260)
		2,348
Total assets	\$	1,049,755

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$	1,343
Accrued expenses and liabilities		3,116
Deferred revenue		641,688
Current portion of capital lease obligation		1,120
Total current and total liabilities		647,267
Net assets		402,488
Net assets without donor restrictions		402,488
Total liabilities and net assets	\$	1,049,755

See notes to financial statements

Washington Regional Alcohol Program, Inc.
STATEMENT OF ACTIVITIES
Year ended September 30, 2022

Revenue and other support	
Checkpoint Strikeforce grant	\$ 1,199,646
Other grants	363,703
In-Kind Contributions	600,591
Contributions	184,467
Total revenue and other support	2,348,407
Expenditures	
Program services:	
Public information and education	2,157,036
SoberRide	36,496
Youth outreach	38,259
Adult outreach	19,041
Other programs	27,586
Advocacy	7,743
	2,286,161
Management and general	52,065
Fundraising	6,133
	2,344,359
Change in net assets	4,048
Net assets without donor restrictions, beginning of year	398,440
Net assets without donor restrictions, end of year	\$ 402,488

See notes to financial statements

Washington Regional Alcohol Program, Inc.
STATEMENT OF CASH FLOWS
Year ended September 30, 2022

Cash flows from operating activities	
Change in net assets	\$ <u>4,048</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	691
(Increase) decrease in grants receivable	23,179
(Increase) decrease in pledges receivables	(3,400)
(Increase) decrease in prepaid expenses	1,353
Increase (decrease) in accounts payable	1,343
Increase (decrease) in payroll taxes withheld and accrued	0
Increase (decrease) in accrued liabilities	0
Increase (decrease) in deferred revenue	(85,794)
Increase (decrease) in deferred rent	0
Forgiveness of PPP loan	0
Total adjustments	<u>(62,628)</u>
Net cash provided (used) by operating activities	<u>(58,580)</u>
Cash flow from financing activities:	
Payment on lease obligation	(1,564)
Net cash provided (used) by financing activities	<u>(1,564)</u>
Net increase (decrease) in cash and equivalents	(60,144)
Cash and equivalents, beginning of year	967,351
Cash and equivalents, end of year	<u>\$ <u>907,207</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest expense	<u>\$ <u>1,365</u></u>

See notes to financial statements

Washington Regional Alcohol Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2022

	Public Information and Education	SoberRide	Youth Outreach	Adult Outreach	Other Programs	Advocacy	Total	Management & General	Fund- raising	Total
Consultants	\$ 1,179,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,179,544	\$ -	\$ -	\$ 1,179,544
In-kind media contributions	600,591	-	-	-	-	-	600,591	-	-	600,591
Salaries and related benefits	205,497	-	35,281	17,559	-	6,108	264,445	116,600	4,907	385,952
Awards and other	3,860	-	-	-	-	-	3,860	-	-	3,860
SoberRide cab fares	-	33,655	-	-	-	-	33,655	-	-	33,655
Printing	12,767	-	-	-	-	-	12,767	274	-	13,041
Accounting and legal	12,833	-	-	-	-	253	13,086	7,667	575	21,328
Telephone	305	-	-	-	-	-	305	3,856	-	4,161
Rent-office	-	-	-	-	-	-	-	23,010	-	23,010
Conferences and meetings	3,592	-	-	-	20,472	-	24,064	-	-	24,064
Travel and lodging	2,181	-	-	-	425	704	3,310	351	-	3,661
Meals	66	-	-	-	-	-	66	477	-	543
Postage	3,415	-	-	-	4	-	3,419	375	7	3,801
Supplies and office expense	5,488	-	-	-	4,538	75	10,101	958	-	11,059
Insurance	-	-	-	-	-	-	-	15,778	-	15,778
Computer and Web Page support	2,356	-	-	-	-	-	2,356	4,432	-	6,788
Miscellaneous	3,382	-	-	-	-	-	3,382	6,039	167	9,588
Equipment rental and maintenance	-	-	-	-	-	-	-	1,879	-	1,879
Depreciation	-	-	-	-	-	-	-	691	-	691
Carrying charges and interest	-	-	-	-	-	-	-	1,365	-	1,365
Total direct expenses	2,035,877	33,655	35,281	17,559	25,439	7,140	2,154,951	183,752	5,656	2,344,359
Allocated indirect expenses	121,159	2,841	2,978	1,482	2,147	603	131,210	(131,687)	477	-
	<u>\$ 2,157,036</u>	<u>\$ 36,496</u>	<u>\$ 38,259</u>	<u>\$ 19,041</u>	<u>\$ 27,586</u>	<u>\$ 7,743</u>	<u>\$ 2,286,161</u>	<u>\$ 52,065</u>	<u>\$ 6,133</u>	<u>\$ 2,344,359</u>

See notes to financial statements

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

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, 2022. The Organization's tax returns open to examination are the years ended September 30, 2019, 2020 and 2021.

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, 2022

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, 2022. The fair value of the contributed air time, which totaled \$600,591, is recognized as a in-kind contribution and an in-kind media expense in the financial statements.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022

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 a sublease agreement that commenced May 1, 2022 and continues March 31, 2025. Annual payments for years subsequent to September 30, 2022, follows: 2023 \$23,521, 2024 \$24,177 and 2025, \$6,138.

Rent expense for the rear ended September 30, 2022 was \$24,064.

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 \$8,522.

NOTE F-SUBSEQUENT EVENTS

Subsequent events have been considered by the Organization and are included in the financial statements through April 25, 2023, 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, 2022.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022

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 remaining period of the lease after September 30, 2022 follows:

2023	\$1,164
Less imputed interest	<u>(44)</u>
	<u>\$1,120</u>

NOTE H-LIQUITY

The Organization has determined that its liquid assets is sufficient to satisfy its current liabilities and believes that its net assets and that operations for the next year will provide sufficient resources to fund its ongoing requirements. Liquid assets available for 2023 amounted to \$407,213 (cash and receivables of \$1,041,833 less liabilities \$634,620).