

**Washington Regional Alcohol Program, Inc.**

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

Year Ended September 30, 2016

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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, 2016, and the related statements of activity, 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. According, 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, 2016, 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  
June 10, 2017

Washington Regional Alcohol Program, Inc.  
BALANCE SHEET  
September 30, 2016

Assets

Current assets	
Cash	\$ 143,159
Grants and contracts receivable	383,559
Sponsors and other receivables	10,000
Prepaid expenses and deposits	8,738
Total current assets	545,456
Office furniture and equipment-At Cost	7,517
Accumulated depreciation	(7,517)
	0
Total assets	\$ 545,456

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 162,814
Payroll taxes withheld and accrued	608
Accrued expenses and liabilities	3,115
Deferred revenue	42,826
Deferred rent	4,589
Total current liabilities	213,952
Net assets	
Unrestricted net assets	331,504
Total liabilities and net assets	\$ 545,456

See notes to financial statements

Washington Regional Alcohol Program, Inc.  
**STATEMENT OF ACTIVITIES**  
Year ended September 30, 2016

Revenue and other support	
Checkpoint Strikeforce grant	\$ 424,708
Other grants	612,668
In-Kind Contributions	1,278,937
Contributions	173,977
Total revenue and other support	2,490,290
Expenditures	
Program services:	
Public information and education	2,135,276
SoberRide	96,359
Youth outreach	84,901
Adult outreach	23,327
Other programs	43,985
Advocacy	19,405
	2,403,253
Management and general	62,157
Fundraising	9,889
	2,475,299
Change in net assets	14,991
Unrestricted net assets, beginning of year	316,513
Unrestricted net assets, end of year	\$ 331,504

See notes to financial statements

Washington Regional Alcohol Program, Inc.  
STATEMENT OF CASH FLOWS  
Year ended September 30, 2016

Cash flows from operating activities	
Change in net assets	\$ 14,991
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in grants receivable	276,968
(Increase) decrease in pledges receivables	6,000
(Increase) decrease in prepaid expenses	4,225
Increase (decrease) in accounts payable	(849,780)
Increase (decrease) in payroll taxes withheld and accrued	(8,175)
Increase (decrease) in accrued liabilities	(15,767)
Increase (decrease) in deferred sponsor revenue	(81,735)
Increase (decrease) in deferred rent	(350)
Total adjustments	<u>(668,614)</u>
Net cash provided (used) by operating activities and net decrease in cash and cash equivalents	<u>(653,623)</u>
Cash and equivalents, beginning of year	<u>796,782</u>
Cash and equivalents, end of year	<u>\$ 143,159</u>
Amount paid for interest and carrying charges	<u>\$ 1,307</u>

See notes to financial statements

Washington Regional Alcohol Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2016

	Public Information and Education	Youth Outreach				Adult Outreach		Other Programs		Advocacy	Total	Management Fund- & General raising		Total
		SoberRide	Youth Outreach	Adult Outreach	Other Programs	Advocacy	Total	Management Fund- & General	raising					
Consultants	\$ 1,842,029	\$ -	\$ -	\$ -	\$ 29,591	\$ -	\$ 1,871,620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,871,620	
Salaries and related benefits	174,871	43,212	61,103	17,093	-	13,910	310,189	-	96,756	6,913	-	413,858		
Awards and other	-	-	5,174	-	2,974	-	8,148	-	-	-	-	8,148		
SoberRide cab fares	-	35,347	-	-	-	-	35,347	-	-	-	-	35,347		
Printing	33,746	-	1,527	1,525	130	-	36,928	-	-	400	-	36,928		
Accounting and legal	12,500	-	-	-	-	203	12,703	-	-	-	-	19,388		
Telephone	-	-	-	-	-	-	-	-	-	-	-	2,418		
Rent-office	-	-	-	-	-	-	-	-	19,723	-	-	19,723		
Conferences and meetings	8,262	-	-	-	-	55	8,317	-	-	-	-	8,317		
Travel and lodging	6,855	-	1,083	219	273	1,379	9,809	-	587	-	-	10,396		
Meals	268	197	40	-	-	139	644	-	410	-	-	1,054		
Postage	2,260	-	84	102	20	4	2,470	-	180	98	-	2,748		
Supplies and office expense	5,303	6,510	204	-	10,852	144	23,013	-	1,877	-	-	24,890		
Insurance	-	-	-	-	-	-	-	-	8,544	-	-	8,544		
Computer and Web Page support	1,260	-	-	-	145	-	1,405	-	2,304	-	-	3,709		
Miscellaneous	3,029	-	-	-	-	-	3,029	-	928	703	-	4,660		
Equipment rental and maintenance	-	-	-	-	-	-	-	-	2,244	-	-	2,244		
Carrying charges and interest	-	-	-	-	-	-	-	-	1,307	-	-	1,307		
Total direct expenses	2,090,383	85,266	69,215	18,939	43,985	15,834	2,323,622	-	143,563	8,114	-	2,475,299		
Allocated indirect expenses	44,893	11,093	15,686	4,388	-	3,571	79,631	-	(81,406)	1,775	-	-		
	\$ 2,135,276	\$ 96,359	\$ 84,901	\$ 23,327	\$ 43,985	\$ 19,405	\$ 2,403,253	\$ -	\$ 62,157	\$ 9,889	\$ -	\$ 2,475,299		

See notes to financial statements

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

**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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. 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, 2016. The Organization's tax returns open to examination are the years ended September 30, 2013, 2014 and 2015.

**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, 2016

**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.

**Recognition of  
Donor Restricted  
Contributions**

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets 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.

**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, 2016. The fair value of the contributed air time, which totaled \$1,229,215, is recognized as an in-kind contribution and a consulting expense in the financial statements. Additionally, in-kind salaries and wages, equipment and supplies of \$43,212 and \$6,510, respectively, are recognized as an in-kind contribution and expense in the financial statements.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

**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 entered into a non-cancellable operating lease agreement for office space that expires September 30, 2019. Rent concessions and fixed annual increases of minimum lease payments are accounted for over the term of the lease resulting in a deferred rent payable.

Future minimum rentals required under the operating lease in excess of one year as of September 30, 2016, follows:

September 30, 2017	\$19,842
2018	20,438
2019	21,050

Rent expense for the year amounted to \$19,723.

**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 \$14,647.

**NOTE F-SUBSEQUENT EVENTS**

Subsequent events have been considered by the Organization and are included in the financial statements through June 10, 2017, the date the financial statements were available for issue.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016

**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, 2016.