

Washington Regional Alcohol Program, Inc.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Year Ended September 30, 2021

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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, 2021, and the related statements of activities, functional expenditures 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, 2021, 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 15, 2022

Washington Regional Alcohol Program, Inc.
BALANCE SHEET
September 30, 2021

Assets

Current assets	
Cash	\$ 967,351
Grants and contracts receivable	154,293
Sponsors and other receivables	112
Prepaid expenses and deposits	6,927
Total current assets	1,128,683
Office furniture and equipment-At Cost	8,608
Accumulated depreciation	(5,569)
	3,039
Total assets	\$ 1,131,722

Liabilities and Net Assets

Current liabilities	
Accrued expenses and liabilities	3,116
Deferred revenue	727,482
Current portion of capital lease obligation	1,426
Total current liabilities	732,024
Capital lease obligation	
Capital lease obligation, less current portion of \$1,426	1,258
Total liabilities	733,282
Net assets	
Net assets without donor restrictions	398,440
Total liabilities and net assets	\$ 1,131,722

See notes to financial statements

Washington Regional Alcohol Program, Inc.
STATEMENT OF ACTIVITIES
Year ended September 30, 2021

Revenue and other support	
Checkpoint Strikeforce grant	\$ 873,902
Other grants	309,432
In-Kind Contributions	472,692
Contributions, including \$66,004 PPP loan forgiveness	177,274
Total revenue and other support	1,833,300
Expenditures	
Program services:	
Public information and education	1,633,798
SoberRide	4,661
Youth outreach	55,400
Adult outreach	19,887
Other programs	5,029
Advocacy	7,003
	1,725,778
Management and general	77,681
Fundraising	3,331
	1,806,790
Change in net assets	26,510
Net assets without donor restrictions, beginning of year	371,930
Net assets without donor restrictions, end of year	\$ 398,440

See notes to financial statements

Washington Regional Alcohol Program, Inc.
STATEMENT OF CASH FLOWS
Year ended September 30, 2021

Cash flows from operating activities	
Change in net assets	\$ <u>26,510</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,217
(Increase) decrease in grants receivable	(58,387)
(Increase) decrease in pledges receivables	900
(Increase) decrease in prepaid expenses	414
Increase (decrease) in accounts payable	(24,804)
Increase (decrease) in payroll taxes withheld and accrued	0
Increase (decrease) in accrued liabilities	0
Increase (decrease) in deferred revenue	207,888
Increase (decrease) in deferred rent	0
Forgiveness of PPP loan	(66,004)
Total adjustments	<u>61,224</u>
Net cash provided (used) by operating activities	<u>87,734</u>
Cash flow from investing activities:	
Cash payments for the purchase of property	<u>0</u>
Net cash provided (used) by investing activities	<u>0</u>
Cash flow from financing activities:	
Proceeds from PPP loan	0
Payment on lease obligation	(1,340)
Principal payments on long-term debt	(1,496)
Net cash provided (used) by financing activities	<u>(2,836)</u>
Net increase (decrease) in cash and equivalents	84,898
Cash and equivalents, beginning of year	882,453
Cash and equivalents, end of year	<u>\$ 967,351</u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest expense	<u>\$ 1,987</u>

See notes to financial statements

Washington Regional Alcohol Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2021

	Public Information and Education	Youth SoberRide Outreach	Adult Outreach	Other Programs	Advocacy	Total	Management & General	Fund- raising	Total	
Consultants	\$ 1,328,478	\$ -	\$ -	\$ -	\$ -	\$ 1,328,478	\$ -	\$ -	\$ 1,328,478	
Salaries and related benefits	184,784	-	50,700	18,299	-	6,161	259,944	122,572	1,922	384,438
Awards and other	-	-	-	-	4,578	-	4,578	-	-	4,578
SoberRide cab fares	-	4,289	-	-	-	-	4,289	-	-	4,289
Printing	3,997	-	-	-	-	-	3,997	484	12	4,493
Accounting and legal	12,833	-	-	-	-	203	13,036	7,667	934	21,637
Telephone	-	-	-	-	-	-	-	3,906	-	3,906
Rent-office	-	-	-	-	-	-	-	22,698	-	22,698
Conferences and meetings	-	-	-	-	-	-	-	610	-	610
Travel and lodging	792	-	-	-	49	-	841	147	-	988
Meals	-	-	-	-	-	-	-	116	-	116
Postage	1,049	-	-	-	-	-	1,049	571	19	1,639
Supplies and office expense	4,294	-	276	-	-	80	4,650	1,294	-	5,944
Insurance	-	-	-	-	-	-	-	8,530	-	8,530
Computer and Web Page support	2,071	-	-	-	-	-	2,071	2,758	-	4,829
Miscellaneous	2,774	-	-	-	-	-	2,774	1,381	178	4,333
Equipment rental and maintenance	-	-	-	-	-	-	-	2,081	-	2,081
Depreciation	-	-	-	-	-	-	-	1,217	-	1,217
Carrying charges and interest	-	-	-	-	-	-	-	1,986	-	1,986
Total direct expenses	<u>1,541,072</u>	<u>4,289</u>	<u>50,976</u>	<u>18,299</u>	<u>4,627</u>	<u>6,444</u>	<u>1,625,706</u>	<u>178,019</u>	<u>3,065</u>	<u>1,806,790</u>
Allocated indirect expenses	<u>92,726</u>	<u>372</u>	<u>4,424</u>	<u>1,588</u>	<u>402</u>	<u>559</u>	<u>100,072</u>	<u>(100,338)</u>	<u>266</u>	<u>-</u>
	<u>\$ 1,633,798</u>	<u>\$ 4,661</u>	<u>\$ 55,400</u>	<u>\$ 19,887</u>	<u>\$ 5,029</u>	<u>\$ 7,003</u>	<u>\$ 1,725,778</u>	<u>\$ 77,681</u>	<u>\$ 3,331</u>	<u>\$ 1,806,790</u>

See notes to financial statements

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

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, 2021. The Organization's tax returns open to examination are the years ended September 30, 2018, 2019 and 2020.

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, 2021

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, 2021. The fair value of the contributed air time, which totaled \$472,692, 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, 2021

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 operating lease that expires April 30, 2022. Rent expense for the rear ended September 30, 2021 was \$22,698.

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 \$13,649.

NOTE F-SUBSEQUENT EVENTS

Subsequent events have been considered by the Organization and are included in the financial statements through February 15, 2022, the date the financial statements were available for issue.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of lease revenue and other material adverse effects to the Company's financial position, results of operations, and cash flows. The Company is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Company's operations continue for an extended period of time the Company may have to seek alternative measures to finance its operations.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2021

NOTE F-SUBSEQUENT EVENTS-CONTINUED

There is no assurance these measures will be successful. The financial statements do not include any adjustments that might result if the Organization is unable to continue as a going concern.

The Organization applied for and received an SBA loan under the PPP loan program during 2020 as a result of the COVID-19 pandemic. On June 2, 2021, the forgiveness application with the SBA was approved and that \$66,004 of the loan had been forgiven and the unforgiven portion was of \$1,496 was paid, along with \$15 of interest.

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, 2021.

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, 2021 follows:

2022	\$1,553
2023	<u>1,294</u>
Total payments	2,847
Less imputed interest	<u>(163)</u>
	<u>\$2,684</u>

NOTE H-LIQUITY

The Organization has determined that its current 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.