

Washington Regional Alcohol Program, Inc.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended September 30, 2018

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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, 2018, 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, 2018, 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
January 29, 2019

Washington Regional Alcohol Program, Inc.
BALANCE SHEET
September 30, 2018

Assets

Current assets	
Cash	\$ 946,997
Grants and contracts receivable	108,814
Sponsors and other receivables	1,004
Prepaid expenses and deposits	8,411
Total current assets	1,065,226
Office furniture and equipment-At Cost	8,077
Accumulated depreciation	(7,797)
	280
Total assets	\$ 1,065,506

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 38,883
Payroll taxes withheld and accrued	688
Accrued expenses and liabilities	3,116
Deferred revenue	660,314
Deferred rent	2,136
Total current liabilities	705,137
Net assets	
Unrestricted net assets	360,369
Total liabilities and net assets	\$ 1,065,506

See notes to financial statements

Washington Regional Alcohol Program, Inc.
STATEMENT OF ACTIVITIES
Year ended September 30, 2018

Revenue and other support		
Checkpoint Strikeforce grant	\$	1,444,722
Other grants		826,147
In-Kind Contributions		1,673,838
Contributions		175,017
Total revenue and other support		4,119,724
Expenditures		
Program services:		
Public information and education		3,843,259
SoberRide		57,969
Youth outreach		43,207
Adult outreach		15,562
Other programs		70,290
Advocacy		8,745
		4,039,032
Management and general		66,507
Fundraising		9,488
		4,115,027
Change in net assets		4,697
Unrestricted net assets, beginning of year		355,672
Unrestricted net assets, end of year	\$	360,369

See notes to financial statements

Washington Regional Alcohol Program, Inc.
STATEMENT OF CASH FLOWS
Year ended September 30, 2017

Cash flows from operating activities	
Change in net assets	\$ 4,697
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	187
(Increase) decrease in grants receivable	(3,283)
(Increase) decrease in pledges receivables	16,121
(Increase) decrease in prepaid expenses	(667)
Increase (decrease) in accounts payable	(7,354)
Increase (decrease) in payroll taxes withheld and accrued	56
Increase (decrease) in deferred sponsor revenue	(772,317)
Increase (decrease) in deferred rent	(1,524)
Total adjustments	<u>(768,781)</u>
Cash provided by operating activities	<u>(764,084)</u>
Cash and equivalents, beginning of year	1,711,081
Cash and equivalents, end of year	<u>\$ 946,997</u>
Amount paid for interest and carrying charges	<u>\$ 1,436</u>

See notes to financial statements

Washington Regional Alcohol Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2018

	Public Information and Education						Management Fund-raising & General	Total
	SoberRide	Youth Outreach	Adult Outreach	Other Programs	Advocacy	Total		
Consultants	\$ 3,478,725	\$ -	\$ -	\$ 46,273	\$ -	\$ 3,524,998	\$ -	\$ 3,524,998
Salaries and related benefits	211,240	40,323	15,139	-	6,765	273,467	105,569	386,549
Awards and other	-	-	-	2,075	-	2,075	-	2,075
SoberRide cab fares	-	56,707	-	-	-	56,707	-	56,707
Printing	30,517	-	-	-	-	30,517	-	30,683
Accounting and legal	12,300	-	-	-	203	12,503	7,450	20,378
Telephone	280	-	-	-	-	280	3,206	3,486
Rent-office	-	-	-	-	-	-	18,702	18,702
Conferences and meetings	7,703	110	-	9,905	180	17,898	-	17,898
Travel and lodging	6,427	811	79	191	1,226	8,734	442	9,216
Meals	-	-	-	-	88	88	337	425
Postage	4,975	1	-	23	-	4,999	273	5,304
Supplies and office expense	6,146	1,021	-	10,282	93	17,542	1,705	19,743
Insurance	-	-	-	-	-	-	8,773	8,773
Computer and Web Page support	1,260	-	-	10	-	1,270	2,509	3,779
Miscellaneous and depreciation of \$187	-	-	-	-	-	-	1,032	1,641
Equipment rental and maintenance	-	-	-	-	-	-	3,234	3,234
Carrying charges and interest	-	-	-	-	-	-	1,436	1,436
Total direct expenses	3,759,573	42,266	15,218	68,759	8,555	3,951,078	154,668	4,115,027
Allocated indirect expenses	83,686	941	344	1,531	190	87,954	(88,161)	207
	\$ 3,843,259	\$ 43,207	\$ 15,562	\$ 70,290	\$ 8,745	\$ 4,039,032	\$ 66,507	\$ 4,115,027

See notes to financial statements

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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, 2018. The Organization's tax returns open to examination are the years ended September 30, 2015, 2016 and 2017.

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, 2018

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. 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, 2018. The fair value of the contributed air time, which totaled \$1,673,838, 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, 2018

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, 2018, follows:

September 30, 2019	\$21,050
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Rent expense for the year amounted to \$18,702.

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 \$15,193.

NOTE F-SUBSEQUENT EVENTS

Subsequent events have been considered by the Organization and are included in the financial statements through January 29, 2019, the date the financial statements were available for issue.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2018

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, 2018.