

Washington Regional Alcohol Program, Inc.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Year Ended September 30, 2017

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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, 2017, and the related statements of activities, changes in net assets, cash flows and functional expenditures 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those 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, 2017, 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.

Other Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented hereinafter is presented for the purpose of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards (page 14) is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplementary information presented hereinafter for the year ended September 30, 2017, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting required by Government Auditing Standards

In accordance with Government Auditing Standards we have also issued reports dated June 10, 2017 on our consideration of Washington Regional Alcohol Program, Inc.'s internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Washington Regional Alcohol Program, Inc., internal control over internal control over financial reporting and compliance.

James R Turner & Company, P.C.

Vienna, VA

January 31, 2018

Lead auditor: James R. Turner

Federal ID Number: 54-1560216

Washington Regional Alcohol Program, Inc.
BALANCE SHEET
September 30, 2017

Assets

Current assets	
Cash	\$ 1,711,081
Grants and contracts receivable	105,532
Sponsors and other receivables	17,125
Prepaid expenses and deposits	7,744
Total current assets	1,841,482
Office furniture and equipment-At Cost	8,077
Accumulated depreciation	(7,611)
	466
Total assets	\$ 1,841,948

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 46,237
Payroll taxes withheld and accrued	632
Accrued expenses and liabilities	3,116
Deferred revenue	1,432,631
Deferred rent	3,660
Total current liabilities	1,486,276
Net assets	
Unrestricted net assets	355,672
Total liabilities and net assets	\$ 1,841,948

See notes to financial statements

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

Revenue and other support	
Checkpoint Strikeforce grant	\$ 895,665
Other grants	909,848
In-Kind Contributions	866,887
Contributions	165,563
Total revenue and other support	2,837,963
Expenditures	
Program services:	
Public information and education	2,586,437
SoberRide	57,051
Youth outreach	41,007
Adult outreach	15,941
Other programs	23,372
Advocacy	9,669
	2,733,477
Management and general	68,823
Fundraising	11,495
	2,813,795
Change in net assets	24,168
Unrestricted net assets, beginning of year	331,504
Unrestricted net assets, end of year	\$ 355,672

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	\$ <u>24,168</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	94
(Increase) decrease in grants receivable	278,027
(Increase) decrease in pledges receivables	(7,123)
(Increase) decrease in prepaid expenses	994
Increase (decrease) in accounts payable	(116,578)
Increase (decrease) in payroll taxes withheld and accrued	24
Increase (decrease) in deferred sponsor revenue	1,389,805
Increase (decrease) in deferred rent	(929)
Total adjustments	<u>1,544,314</u>
Cash provided by operating activities	<u>1,568,482</u>
Cash flow from investing activities:	
Cash payments for the purchase of property	<u>(560)</u>
Net cash provided (used) by investing activities	<u>(560)</u>
Change in cash and equivalents	1,567,922
Cash and equivalents, beginning of year	<u>143,159</u>
Cash and equivalents, end of year	<u>\$ 1,711,081</u>
Amount paid for interest and carrying charges	<u>\$ 945</u>

See notes to financial statements

Washington Regional Alcohol Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2017

	Public Information and Education	SoberRide	Youth Outreach	Adult Outreach	Other Programs	Advocacy	Management & General	Fund-raising	Total
Consultants	\$ 2,223,817	\$ -	\$ -	\$ -	\$ 10,096	\$ -	\$ 2,233,913	\$ -	\$ 2,233,913
Salaries and related benefits	204,401	17,284	38,872	15,289	-	7,638	283,484	103,898	396,382
Awards and other	-	-	-	-	11,179	-	11,179	-	11,179
SoberRide cab fares	-	34,787	-	-	-	-	34,787	-	34,787
Printing	30,075	-	-	50	748	-	30,873	239	31,112
Accounting and legal	9,463	-	-	-	-	353	9,816	11,100	21,001
Telephone	2,681	-	-	-	-	-	2,681	2,512	5,193
Rent-office	-	-	-	-	-	-	-	19,410	19,410
Conferences and meetings	7,420	-	-	-	-	-	7,420	-	7,420
Travel and lodging	5,422	-	624	99	555	1,293	7,993	223	8,266
Meals	107	492	-	-	-	-	599	614	1,213
Postage	5,143	-	-	-	37	1	5,181	129	5,330
Supplies and office expense	11,125	2,667	204	-	-	-	13,997	1,813	17,544
Insurance	-	-	-	-	-	-	-	8,846	8,846
Computer and Web Page support	1,520	-	-	-	-	75	1,595	2,443	4,038
Miscellaneous	2,734	-	-	-	-	-	2,734	1,808	4,542
Equipment rental and maintenance	-	-	-	-	-	-	-	2,674	2,674
Carrying charges and interest	-	-	-	-	-	-	-	945	945
Total direct expenses	2,503,908	55,230	39,700	15,438	22,615	9,360	2,646,252	156,415	2,813,795
Allocated indirect expenses	82,529	1,821	1,307	503	757	309	87,225	(87,592)	367
	<u>\$ 2,586,437</u>	<u>\$ 57,051</u>	<u>\$ 41,007</u>	<u>\$ 15,941</u>	<u>\$ 23,372</u>	<u>\$ 9,669</u>	<u>\$ 2,733,477</u>	<u>\$ 68,823</u>	<u>\$ 2,813,795</u>

See notes to financial statements

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

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, 2017. The Organization's tax returns open to examination are the years ended September 30, 2014, 2015 and 2016.

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, 2017

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, 2017. The fair value of the contributed air time, which totaled \$846,999, 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 \$17,284 and \$2,604, 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, 2017

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, 2017, follows:

September 30, 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 \$14,834.

NOTE F-SUBSEQUENT EVENTS

Subsequent events have been considered by the Organization and are included in the financial statements through January 31, 2018, the date the financial statements were available for issue.

WASHINGTON REGIONAL ALCOHOL PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2017

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, 2017.