

**DRUGFREE WILCO
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
DrugFree Wilco

We have audited the accompanying financial statements of DrugFree Wilco (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the 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. Accordingly, 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 the audit evidence we have obtained 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 DrugFree Wilco as of June 30, 2021, 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.

Dempsey Vantrease & Follis PLLC

Lebanon, TN
August 1, 2022

DRUG FREE WILCO
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	<u>2021</u>
ASSETS	
Cash and cash equivalents	<u>\$ 14,701</u>
LIABILITIES	
Unearned grant funds	\$ 7,404
Accrued expenses	<u>292</u>
TOTAL LIABILITIES	7,696
NET ASSETS	
Without donor restrictions	7,005
With donor restrictions	<u>-</u>
TOTAL NET ASSETS	<u>7,005</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 14,701</u></u>

See notes to the financial statements and independent auditors' report.

DRUG FREE WILCO
STATEMENT OF ACTIVITIES
JUNE 30,

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Contributions	\$ 5,825	\$ -	\$ 5,825
In Kind contributions	42,422	\$ -	42,422
Grants	0	53,378	53,378
Other income	2	-	2
Release from restrictions	53,378	(53,378)	-
TOTAL SUPPORT AND REVENUES	101,627	-	101,627
Expenses:			
Program Services	95,800	-	95,800
Management and general	2,229	-	2,229
TOTAL EXPENSES	98,029	-	98,029
Change in Net Assets	3,598	-	3,598
Net assets, beginning of year	3,407	-	3,407
Net assets, end of year	<u>\$ 7,005</u>	<u>\$ -</u>	<u>\$ 7,005</u>

See notes to the financial statements and independent auditors' report.

DRUGFREE WILCO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>			
	<u>Coalition</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 30,250	\$ 30,250	\$ -	\$ 30,250
Employee benefits and payroll tax	7,431	7,431	-	7,431
Advertising	23,700	23,700	120	23,820
Contract services	12,000	12,000	-	12,000
Dues & Subscriptions	3,066	3,066	-	3,066
Insurance	-	-	1,589	1,589
Rent	10,968	10,968	-	10,968
Office expense	57	57	-	57
Supplies	8,328	8,328	450	8,778
Taxes & Licenses	-	-	70	70
TOTAL EXPENSES	<u>\$ 95,800</u>	<u>\$ 95,800</u>	<u>2,229</u>	<u>\$ 98,029</u>

See Notes to the Financial Statements

DRUG FREE WILCO
STATEMENT OF CASH FLOWS
JUNE 30,

	<u>2021</u>
Cash flows from operating activities	
Reconciliation of increase in net assets to net cash provided by operating activities:	
Increase in net assets	\$ 3,598
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase in accounts payable and accrued expenses	<u>7,696</u>
Net cash provided by operating activities	<u>11,294</u>
Net increase in cash and cash equivalents	11,294
Cash and cash equivalents, beginning of year	<u>3,407</u>
Cash and cash equivalents, end of year	<u><u>\$ 14,701</u></u>

See accompanying notes to financial statements.

DRUG FREE WILCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

DrugFree Wilco (the Organization) is a coalition of individuals, professionals, and community agencies working together to prevent substance misuse in Wilson County, Tennessee through education, communication and an awareness of resources in Wilson County Tennessee.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Description of Programs

Coalition Grant: To address 2 major goals:

- Establish and strengthen collaboration among communities, public and private non-profit agencies, and Federal, state, local and tribal governments to support the efforts of community coalitions, and
- Reduce substance use among youth and, over time, among adults.

Basis of Presentation

Financial statement presentation follows the recommendations of FASB 2016-14. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that can be filled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization maintains its operating bank accounts primarily at one financial institution. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at this financial institution. The Organization maintains its cash in bank deposit accounts which, at times, may exceed FDIC limits. The Organization has not experienced any losses in such accounts, nor did the balance exceed the FDIC limits at any time during the current fiscal year.

DRUG FREE WILCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions and grants received are recorded as revenue and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. The Organization's main grant is a reimbursement type grant through the Department of Health and Human Services and is accounted for as restricted contributions. Grant revenue is generally recognized as expenditures are incurred on the grant.

Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and classification by the Internal Revenue Service as an other than private foundation. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

As of June 30, 2021, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Organization files a U.S. Federal information tax return. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended June 30, 2020.

Functional Allocation of Expenses

The Organization's expenses related to its programs are directly allocated to those programs and grants.

Programs and Supporting Services

The following program and supporting services classifications are included in the accompanying financial statements:

DRUG FREE WILCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program services – includes activities to provide support, training, and education to parents, teachers and concerned community members about teen drug use and ways to prevent it.

Management and general – relate to the overall direction of the Organization. These expenses are not identifiable with a particular program, and include accounting and rent.

Contributed Services

Individuals and Board members may volunteer their time and perform a variety of tasks that assist the Organization. Only the value of services that either create non-financial assets or require specialized skills and would need to be purchased if not provided by donation are recorded as in-kind contributions in the financial statements. For the year ended June 30, 2021, \$25,700 of services donated were recorded. These were included in the financial statements under advertising and contract labor.

NOTE B – NET ASSETS WITH DONOR RESTRICTIONS

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of June 30, 2021, the Organization has no net assets with donor restrictions.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's has \$14,701 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures and related liabilities become due.

NOTE D – CONCENTRATION OF RISK

The Organization is highly dependent on a grant from the federal government. A change in availability of funding could adversely affect the organization.

NOTE E – SUBSEQUENT EVENTS

As of the date of the financial statements no events or transactions have transpired that would have a material effect on the balances reported herein as of June 30, 2021 or that would significantly impact the Organization's ongoing operations. The Organization has evaluated subsequent events through August 1, 2022 which is the date the financial statements were available to be issued.