

**DRUGFREE WILCO
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-12

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of DrugFree Wilco

Opinion

We have audited the accompanying financial statements of DrugFree Wilco (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DrugFree Wilco and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DrugFree Wilco's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DrugFree Wilco's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DrugFree Wilco's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dennis Ventresca + Folio PLLC

Lebanon, TN
February 6, 2023

DRUG FREE WILCO
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	<u>2022</u>
ASSETS	
Cash and cash equivalents	\$ 6,358
Grant Receivable	<u>12,729</u>
TOTAL ASSETS	<u><u>\$ 19,087</u></u>
LIABILITIES	
Accounts Payable	\$ 7,200
Accrued expenses	<u>292</u>
TOTAL LIABILITIES	7,492
NET ASSETS	
Without donor restrictions	11,595
With donor restrictions	<u>-</u>
TOTAL NET ASSETS	<u>11,595</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 19,087</u></u>

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

DRUG FREE WILCO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30,

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Contributions	\$ 9,760	\$ -	\$ 9,760
In Kind contributions		80,482	80,482
Grants	-	107,243	107,243
Other income	5	-	5
Release from restrictions	187,725	(187,725)	-
TOTAL SUPPORT AND REVENUES	197,490	-	197,490
Expenses:			
Program Services	181,151	-	181,151
Management and general	11,749	-	11,749
TOTAL EXPENSES	192,900	-	192,900
Change in Net Assets	4,590	-	4,590
Net assets, beginning of year	7,005	-	7,005
Net assets, end of year	<u>\$ 11,595</u>	<u>\$ -</u>	<u>\$ 11,595</u>

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

DRUG FREE WILCO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2022</u>
Cash flows from operating activities	
Reconciliation of increase in net assets to net cash provided by operating activities:	
Increase in net assets	\$ 4,590
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) in Grant Receivable	(12,729)
Decrease in accounts payable and accrued expenses	<u>(204)</u>
Net cash (used in) operating activities	<u>(8,343)</u>
Net (decrease) in cash and cash equivalents	(8,343)
Cash and cash equivalents, beginning of year	<u>14,701</u>
Cash and cash equivalents, end of year	<u><u>\$ 6,358</u></u>

See accompanying notes to financial statements.

DRUGFREE WILCO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>		<u>Management and General</u>	<u>Total</u>
	<u>Coalition</u>	<u>Total Program Services</u>		
Salaries and wages	\$ 60,500	\$ 60,500	\$ -	\$ 60,500
Employee benefits and payroll tax	14,863	14,863	-	14,863
Education & Awareness	45,000	45,000	125	45,125
Contract services	14,235	14,235	10,000	24,235
Dues & Subscriptions	2,279	2,279	-	2,279
Insurance	-	-	1,588	1,588
Rent	20,961	20,961	-	20,961
Office expense	7,805	7,805	-	7,805
Supplies	10,733	10,733	6	10,739
Travel	4,775	4,775		4,775
Taxes & Licenses	-	-	30	30
	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
TOTAL EXPENSES	<u><u>\$ 181,151</u></u>	<u><u>\$ 181,151</u></u>	<u><u>11,749</u></u>	<u><u>\$ 192,900</u></u>

See Notes to the Financial Statements

DRUG FREE WILCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022

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, 2022, 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, 2022, 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 year ended June 30, 2021.

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, 2022

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, 2022, \$50,000 of services donated were recorded. These were included in the financial statements under education and awareness, and accounting.

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, 2022, the Organization has no net assets with donor restrictions.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects DrugFree Wilco's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date:

Financial Assets:	
Cash and Cash Equivalents	\$ 6,358
Accounts Receivable	12,729
Total Financial Assets	<u>19,087</u>
Less: Those Unavailable for General Expenditures Due to:	
Restrictions by the Donor for Purpose Restrictions	<u>(12,729)</u>
Financial Assets Available to Meet	
Cash Needs for General Expenditure within One Year	<u>\$ 6,358</u>

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.

DRUG FREE WILCO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE E – CONTRIBUTED NON-FINANCIAL ASSETS

The contributed non-financial assets, other than contributed services, listed on the statement of activities are comprised of the following:

Materials	\$ 9,521
Space	20,961
Education & Awareness	45,000
Accounting	5,000
	<u>\$ 80,482</u>

Materials are recorded at the retail price. Space is recorded as fair market value. Education and awareness, and accounting are recorded at the standard cost for the service provided.

The contributed non-financial assets were utilized in carrying out the coalition grant program.

NOTE F – 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, 2022 or that would significantly impact the Organization's ongoing operations. The Organization has evaluated subsequent events through February 6, 2023 which is the date the financial statements were available to be issued.