



# **Drug Prevention Resources**

**Financial Statements**

**As of and for the Year Ended December 31, 2023**

**With Independent Auditor's Report Thereon**

**Drug Prevention Resources, Inc.**  
**Table of Contents**  
**December 31, 2023**

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Independent Auditor's Report .....	1
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	11
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	13
Schedule of Expenditures of Federal Awards.....	15
Notes to Schedule of Expenditures of Federal Awards .....	16
Schedule of Findings and Questioned Costs.....	17
Schedule of Prior Year Findings and Questioned Costs .....	18

# Gasaway & Company, CPAs

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## Independent Auditor's Report

To the Board of Directors of  
Drug Prevention Resources, Inc.  
Waxahachie, Texas

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Drug Prevention Resources, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Drug Prevention Resources, Inc. as of December 31, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Drug Prevention Resources, Inc. 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 opinions.

#### **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 Drug Prevention Resources, Inc.'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 and *Government 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.

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In performing an audit in accordance with generally accepted auditing standards and *Government 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 Drug Prevention Resources, Inc.'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 Drug Prevention Resources, Inc.'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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, on our consideration of Drug Prevention Resources, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Drug Prevention Resources, Inc.'s 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 Drug Prevention Resources, Inc.'s internal control over financial reporting and compliance.

*Giswainy Company, CPAs*

Little Rock, Arkansas  
September 25, 2024

# Drug Prevention Resources, Inc.

## Statement of Financial Position

December 31, 2023

### Assets

#### Current Assets

Cash	\$	264,006
Grants receivable		104,624
Other current assets		10,054
Total Current Assets		<u>378,684</u>

#### Non-current Assets

Property and equipment, net		3,450
Right-of-use asset - operating lease		83,201
Other assets		4,215
Total Non-current Assets		<u>90,866</u>

<b>Total Assets</b>	<b>\$</b>	<b><u>469,550</u></b>
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### Liabilities and Net Assets

#### Current Liabilities

Accounts payable and accrued expenses	\$	59,961
Accrued compensated absences		52,252
Operating lease liability - current		50,020
Total Current Liabilities		<u>162,233</u>

#### Non-current Liabilities

Operating lease liability - noncurrent		<u>36,752</u>
Total Liabilities		<u>198,985</u>

#### Net Assets

With donor restrictions		2,500
Without donor restrictions		268,065
Total Net Assets		<u>270,565</u>

<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>469,550</u></b>
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See independent auditor's report and notes to financial statements

# Drug Prevention Resources, Inc.

## Statement of Activities

For the Year Ended December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Revenues and Support</b>			
Grants and contributions			
Grants	\$ 1,597,217	\$ -	\$ 1,597,217
Individuals and corporate	30,505	-	30,505
Other	266,768	-	266,768
Net assets released from restrictions	-	-	-
Total Revenues and Support	<u>1,894,490</u>	<u>-</u>	<u>1,894,490</u>
<b>Expenses</b>			
Program services	1,632,595	-	1,632,595
Management and general	57,399	-	57,399
Fundraising	47,328	-	47,328
Total Expenses	<u>1,737,322</u>	<u>-</u>	<u>1,737,322</u>
Change in Net Assets	157,168	-	157,168
Net Assets, Beginning of Year	<u>110,897</u>	<u>2,500</u>	<u>113,397</u>
Net Assets, End of Year	<u>\$ 268,065</u>	<u>\$ 2,500</u>	<u>\$ 270,565</u>

See independent auditor's report and notes to financial statements

# Drug Prevention Resources, Inc.

## Statement of Functional Expenses For the Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Program Delivery & Development	\$ 428,987	\$ 30	\$ -	\$ 429,017
Payroll Expenses	966,801	4,595	654	972,050
Contract Services	81,534	29,367	33,810	144,711
Facilities and Equipment	57,638	2,167	-	59,805
Operations	31,441	4,122	2,819	38,382
Travel and Meetings	40,503	8,057	-	48,560
Marketing	6,150	-	9,205	15,355
Other	17,757	7,277	840	25,874
Depreciation	1,784	1,784	-	3,568
	<u>\$ 1,632,595</u>	<u>\$ 57,399</u>	<u>\$ 47,328</u>	<u>\$ 1,737,322</u>

See independent auditor's report and notes to financial statements

# Drug Prevention Resources, Inc.

## Statement of Cash Flows For the Year Ended December 31, 2023

<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ 157,168
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	3,568
Amortization of right-of-use asset - operating	48,351
(Increase)/Decrease in assets:	
Grants receivable	(4,231)
Other current assets	(2,599)
Other assets	-
Increase/(Decrease) in liabilities	
Accounts payable and accrued expenses	14,507
Accrued compensated absences	1,156
Operating lease liability	(46,780)
Net Cash Provided by Operating Activities	<u>171,140</u>
<b>Cash Flows from Investing Activities</b>	
None	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>
<b>Cash Flows from Financing Activities</b>	
None	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>
Net Change in Cash	171,140
<b>Cash, Beginning of Year</b>	<u>92,866</u>
<b>Cash, End of Year</b>	<u>\$ 264,006</u>

See independent auditor's report and notes to financial statements



# Drug Prevention Resources, Inc.

## Notes to Financial Statements

December 31, 2023

### **Note 1: Nature of Organization**

Drug Prevention Resources, Inc. (the "Organization") is the oldest drug prevention organization in Texas, celebrating 88 years of service in 2023. The Organization is a not-for-profit substance abuse prevention organization with a mission dedicated to preventing youth substance abuse through innovative delivery of evidence-based strategies that empower youth, families, and communities to flourish within their environments. The Organization accomplishes this by providing individual strategies for high-risk youth and environmental strategies in high-risk neighborhoods. The Organization is supported primarily through federal grants, state grants, and donor contributions.

### **Note 2: Summary of Significant Accounting Policies**

#### Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

#### **Net assets without donor restrictions:**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Drug Prevention Resources, Inc.'s management and the board of directors.

#### **Net assets with donor restrictions:**

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Drug Prevention Resources, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### Cash

The Organization considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. The Organization places its cash, which, at times, may exceed federally insured limits, with high-credit quality institutions. The Organization has not experienced any losses on such accounts.

#### Grants Receivable

Grants receivable consists of amounts billed to federal and state agencies for program expenditures incurred as of year-end for reimbursement. The Organization deems all receivables collectible, hence there is no estimated allowance for doubtful accounts.

#### Property and Equipment, net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to seven years. Drug Prevention Resources, Inc.'s policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

# Drug Prevention Resources, Inc.

## Notes to Financial Statements

December 31, 2023

### Grant Revenue

Grant revenue derived from cost-reimbursable federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. No amounts have been received in advance under federal and state contracts and grants.

### Individual and Corporate Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the Organization's program activities and supporting services benefited. Such allocations are determined by management on an equitable basis.

### Income Taxes

Drug Prevention Resources, Inc. is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose. Drug Prevention Resources, Inc. has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Drug Prevention Resources, Inc. has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

### Subsequent Events

Drug Prevention Resources, Inc. has evaluated subsequent events through September 25, 2024, which is the date the financial statements were available to be issued. Drug Prevention Resources, Inc. is not aware of any material subsequent events.

### **Note 3: Availability and Liquidity**

The following represents Drug Prevention Resources, Inc.'s financial assets at December 31, 2023:

Financial assets at year-end:

Financial assets at year-end:	
Cash	\$ 264,006
Grants receivable	104,624
Total financial assets	<u>368,630</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>2,500</u>
Total amounts not available to be used within one year	<u>2,500</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 366,130</u>

# Drug Prevention Resources, Inc.

## Notes to Financial Statements

December 31, 2023

Drug Prevention Resources, Inc. is generally to maintain financial assets to meet 30 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

### Note 4: Grants Receivable

Grants receivable consisted of the following at December 31, 2023:

Grants receivable	\$ 104,624
Less: reserve for credit losses	<u>-</u>
Grants receivable, net	<u>\$ 104,624</u>

Substantially all grants receivable are reimbursable expenses incurred at year-end, but not yet paid by the U.S. Department of Health and Human Services and the Texas Health and Human Services Commission. Management deemed the likelihood of incurring bad debt as remote, and therefore did not apply a reserve against the grants receivable balance at December 31, 2023.

### Note 5: Property and Equipment, Net

Property and equipment, net consisted of the following at December 31, 2023:

Property and equipment	\$ 52,121
Less: accumulated depreciation	<u>(48,671)</u>
Property and equipment, net	<u>\$ 3,450</u>

Property and equipment consisted of equipment and furniture and fixtures. For the year ended December 31, 2023, depreciation expense totaled \$3,568.

### Note 6: Lease Commitments

The Organization's operating lease portfolio is comprised of office space and a commercial copier. As of December 31, 2023, the Organization is not reasonably certain to exercise any lease extension options, and therefore has not included additional lease terms in the measurement of its lease liabilities.

As of December 31, 2023, total right-of-use (ROU) assets had a balance of \$83,201 which is included in the "Right-of-use asset – operating lease" line item of the statement of financial position and current and non-current lease liabilities related to the right-of-use asset of \$50,020 and \$36,752, respectively. These amounts are included in the "Operating lease liability – current" and "Operating lease liability – noncurrent" line items of the statement of financial position. For the discount rate to measure lease liabilities, Drug Prevention Resources, Inc. elected to use the risk-free rate using a period comparable to the respective lease term for each lease.

There were no variable payments associated with these leases.

Quantitative information regarding the Organization's leases is as follows:

Lease Expense	
Operating lease expense	\$ 49,658
Variable lease expense	<u>-</u>
Total	<u>\$ 49,658</u>

# Drug Prevention Resources, Inc.

## Notes to Financial Statements

December 31, 2023

### Other Information

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 46,780
Right-of-use assets obtained in exchange for new operating lease liabilities	-
Weighted-average remaining lease term in months for operating leases	21
Weighted-average discount rate for finance leases	0.00%
Weighted-average discount rate for operating leases	1.20%

### Maturity Analysis:

2024	\$ 50,740
2025	36,900
2026	-
2027	-
2028	-
Thereafter	-
Total undiscounted cash flows	<u>\$ 87,640</u>
Less: present value discount	<u>(868)</u>
Total lease liabilities	<u>\$ 86,772</u>

### Note 7: Concentration of Risk

As of December 31, 2023, 100% of the Organization's grants receivable were due from two grantors. For the year ended December 31, 2023, the Organization received approximately 84% of its total support and revenue from two grantors.

### Note 8: Net Assets

Net assets with donor restrictions for the year ended December 31, 2023 are as follows:

Specific purpose	
Tobacco Education/Cessation	<u>\$ 2,500</u>
Total	<u>\$ 2,500</u>

Net assets without donor restrictions for the year ended December 31, 2023 are as follows:

Undesignated	<u>\$ 268,065</u>
Total	<u>\$ 268,065</u>

There were no releases from donor restricted net assets for the year ended December 31, 2023.

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Board of Directors  
Drug Prevention Resources, Inc.  
Waxahachie, Texas

We have audited, in accordance with the 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, the financial statements of Drug Prevention Resources, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Drug Prevention Resources, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Drug Prevention Resources, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Drug Prevention Resources, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Drug Prevention Resources, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gasaway & Company, CPAs*

Little Rock, Arkansas  
September 25, 2024

# Gasaway & Company, CPAs

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## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors  
Drug Prevention Resources, Inc.  
Waxahachie, Texas

### Report on Compliance for Each Major Federal Program

#### **Opinion on Each Major Federal Program**

We have audited Drug Prevention Resources, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Drug Prevention Resources, Inc.'s major federal programs for the year ended December 31, 2023. Drug Prevention Resources, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Drug Prevention Resources, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Drug Prevention Resources, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Drug Prevention Resources, Inc.'s compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Drug Prevention Resources, Inc.'s federal programs.

#### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Drug Prevention Resources, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Drug Prevention Resources, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Drug Prevention Resources, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Drug Prevention Resources, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Drug Prevention Resources, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Accordingly, we do not express an opinion on the effectiveness of Drug Prevention Resources, Inc.'s internal control over compliance.

*Goswami & Company, CPAs*

Little Rock, Arkansas  
September 25, 2024



**Drug Prevention Resources, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

<u>Federal or State Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Name of Grant/ Grant ID #</u>	<u>Expenditures</u>
<b>Department of Health and Human Services</b>			
<b>Passed Through Texas Health and Human Services Commission</b>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CCP COVID-19 Expansion/ HHS000539700242	\$ 793,528
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Community Coalition Partnerships/ HHS000539700242	370,418
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Youth Prevention - Selective/ HHS000539700242	114,183
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Youth Prevention - Universal/ HHS000539700242	125,956
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>1,404,085</u>
<b>Total Passed Through Texas Health and Human Services Commission</b>			<u>1,404,085</u>
<b>Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>	93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	<u>22,046</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,426,131</u>
<b>Texas Health and Human Services Commission</b>			
Block Grants for Prevention and Treatment of Substance Abuse	N/A	Community Coalition Partnerships/ HHS000539700242	\$ 99,916
Block Grants for Prevention and Treatment of Substance Abuse	N/A	Youth Prevention - Selective/ HHS000539700242	29,551
Block Grants for Prevention and Treatment of Substance Abuse	N/A	Youth Prevention - Universal/ HHS000539700242	39,401
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>168,868</u>
<b>Total Expenditures of State Awards</b>			<u>\$ 168,868</u>
<b>Total Expenditures of Federal and State Awards</b>			<u>\$ 1,594,999</u>

See independent auditor's report and notes to schedule of expenditures of federal awards

**Drug Prevention Resources, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal and state grant activity of Drug Prevention Resources, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Texas Governor's Office of Budget and Planning, Uniform Grant Management Standards, which include the State of Texas Single Audit Circular (UGMS). Because the schedules present only a selected portion of the operations of Drug Prevention Resources, Inc., they are not intended to and do not present the financial position, changes in net assets or cash flows of Drug Prevention Resources, Inc.

**Note 2: Indirect Costs**

Expenditures on the schedule of expenditures of federal and state awards are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Drug Prevention Resources, Inc. has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

# Drug Prevention Resources, Inc.

## Schedule of Findings and Questioned Costs

December 31, 2023

### I. Summary of Auditor's Results

1. We have issued an unmodified opinion on the financial statements of Drug Prevention Resources, Inc. as of and for the year ended December 31, 2023.
2. No material weaknesses relating to the audit of the financial statements were found.
3. No significant deficiencies relating to the audit of the financial statements were found.
4. The results of the financial statement audit disclosed no instances of noncompliance which were considered material to the financial statements.
5. We issued an unmodified opinion in our report on compliance for major programs for the year ended December 31, 2023.
6. No significant deficiencies relating to the audit of internal control over major federal award programs were found.
7. There were no audit findings that are required to be reported in accordance with OMB Uniform Guidance 200.516(a).
8. The program tested as a major program for the year ended December 31, 2023 is as follows:

Cluster/Program	CFDA Number
Block Grants for Prevention and Treatment of Substance Abuse	93.959

9. The threshold used for distinguishing between type A and B programs was \$750,000.
10. Drug Prevention Resources, Inc. qualified as a low-risk auditee.

### II. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

### III. Findings and Questioned Costs Relating to Federal Awards

None

**Drug Prevention Resources, Inc.**  
**Schedule of Prior Year Findings and Questioned Costs**  
**December 31, 2023**

No matters are reportable.