

DRUG PREVENTION RESOURCES, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORTS**

DECEMBER 31, 2015

Drug Prevention Resources, Inc.
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December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Drug Prevention Resources, Inc.

Report on the Financial Statements

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, 2015, and the related statements of activities and changes in net assets, 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.

Auditors' 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 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 auditors' 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 Drug Prevention Resources, Inc. as of December 31, 2015, 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.

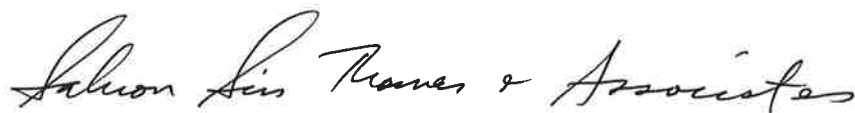
Other Matters

Other 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 (CFR) 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 information 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 27, 2016, 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 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 Drug Prevention Resources, Inc.'s internal control over financial reporting and compliance.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company

September 27, 2016

Drug Prevention Resources, Inc.
Statement of Financial Position
December 31, 2015

ASSETS

Current Assets

Cash	\$ 325,803
Receivables	3,531
Grant receivable	134,180
Prepaid expenses	14,747
Inventory	500
Total Current Assets	478,761

Property and Equipment

Property and equipment	65,699
Less: accumulated depreciation	(48,004)
Net Property and Equipment	17,695

Other Assets

Investments	667,813
Deposits	3,872
Total Other Assets	671,685

TOTAL ASSETS	\$ 1,168,141
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	26,971
Accrued payroll and benefits	10,699
Deferred rent	3,727
Total Current Liabilities	41,397

Non-Current Liabilities

Deferred rent	12,245
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Total Liabilities	53,642
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Net Assets

Unrestricted	1,114,499
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TOTAL LIABILITIES AND NET ASSETS	\$ 1,168,141
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The accompanying notes are an integral part of this financial statement.

Drug Prevention Resources, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2015

Revenues and Support

Grants and contributions		
Individuals and denominational	\$	11,086
Donated services		283,070
Donated space		10,777
Federal financial grants - DSHS		1,346,384
Federal financial grants - other		109,370
Revenue from sales, net of cost of goods sold of \$5,464		1,646
Oil and gas revenue		134,410
Investment return		(32,187)
Other		39,171
Total Revenues and Support		1,903,727

Expenses

Program services		1,907,561
Management and general		89,448
Fundraising		112,284
Total Expenses		2,109,293

Decrease in Net Assets		(205,566)
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Net Assets, beginning of year		1,320,065
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Net Assets, end of year	\$	1,114,499
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The accompanying notes are an integral part of this financial statement.

Drug Prevention Resources, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries & related	\$ 966,374	\$ 45,189	\$ 56,725	\$ 1,068,288
Travel & business	62,168	2,907	3,649	68,724
Postage	8,643	404	507	9,554
Professional fees	83,557	3,907	4,905	92,369
Donated rent	10,777	-	-	10,777
Marketing	7,638	357	448	8,443
Depreciation expense	2,346	110	138	2,594
Supplies	27,073	1,266	1,589	29,928
Rent	64,276	3,758	4,718	72,752
Office expenses	6,816	314	394	7,524
Donated services	256,056	11,978	15,036	283,070
Other	411,837	19,258	24,175	455,270
	<u>\$ 1,907,561</u>	<u>\$ 89,448</u>	<u>\$ 112,284</u>	<u>\$ 2,109,293</u>

The accompanying notes are an integral part of this financial statement.

Drug Prevention Resources, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash Flows From Operating Activities	
Change in Net Assets	\$ (205,566)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	2,594
Unrealized loss in investments	32,187
Decrease in assets:	
Receivables	(96,828)
Prepaid expense	(7,052)
Decrease in liabilities:	
Accounts payable and accrued expenses	(16,974)
Accrued payroll and benefits	(7,687)
Deferred rent	(5,323)
Deferred revenue	(134,410)
Net Cash Used by Operating Activities	<u>(439,059)</u>
 Cash Flows From Investing Activities	
Purchase of fixed assets	(14,465)
Purchase of investments	(700,000)
Net Cash Used by Investing Activities	<u>(714,465)</u>
 Cash, beginning of year	 <u>1,479,327</u>
 Cash, end of year	 <u><u>\$ 325,803</u></u>

The accompanying notes are an integral part of this financial statement.

Drug Prevention Resources, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 1: NATURE OF ORGANIZATION

Drug Prevention Resources, Inc. (Organization) is the oldest drug prevention organization in Texas, celebrating its 80th year of service in 2015. 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 and state grants, donor contributions, fees for services and product sales.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (*i.e.*, the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value on the date of donation.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording depreciation and amortization, functional allocation of expenses, and the realizable value of accounts receivable. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Drug Prevention Resources, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents - 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.

Functional Allocation of Expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property and Equipment - Property and equipment are stated at cost when purchased or fair market value at the date of donation, less accumulated depreciation and amortization. Major expenditures and those that substantially increase useful lives are capitalized. Maintenance, repairs and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in operations. Depreciation is calculated using the straight-line method has been calculated as follows:

Equipment	3 to 5 years
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Donated Services, Materials and Facilities – Donations of noncash assets as contributions are recorded as contributions at their estimated fair value as of the date of donation. Donated services are recognized as contributions in accordance with GAAP, if the services (a) create or enhance nonfinancial assets or (b) require and are provided by individuals with specialized skills and if not provided by donation would typically need to be purchased.

Deferred Rent

The Organization has entered into an operating lease agreement containing provisions for future rent increases and periods of reduced rent payments.

Drug Prevention Resources, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent (Continued)

In accordance with GAAP, the Organization records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is credited or charged to deferred rent.

Income Taxes – The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501(c)(3) of the IRC. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Organization’s exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes - Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) Topic 740-10, Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Investments

Investments are carried at fair value; realized and unrealized gains and losses are reflected in the statements of activities. Gains and losses on sales transactions are based on the original cost (amortized cost, in the case of bonds) of the investments sold using the specific-identification method. The aggregate amount of unrealized fair value appreciation (depreciation) during the year is recorded as an unrealized gain (loss) applicable to the various net asset categories.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Drug Prevention Resources, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Fair Value Measurements (Continued)

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2015 and 2014.

Mutual funds and equity securities: Valued at the closing price reported in an active market in which the security is traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Date of Management’s Review - Subsequent events have been evaluated for potential recognition or disclosure through September 27, 2016, which is the date the financial statements were available to be issued.

NOTE 3: INVESTMENTS

Investments at December 31, 2015 consisted of the following:

Mutual Funds	\$ 667,813
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Investment return totaled a net unrealized loss of \$32,187.

NOTE 4: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as follows:

December 31, 2015
Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	Quoted Prices in Active markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 667,813	\$ 667,813	\$ -	\$ -

Drug Prevention Resources, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2015.

		<u>2016</u>		
Equipment	\$	55,365		
Furniture and fixtures		10,334		
		<u>65,699</u>		
Less: accumulated depreciation and amortization		<u>(48,004)</u>		
	\$	<u><u>17,695</u></u>		

NOTE 6: RETIREMENT PLAN

The Organization makes contributions, subject to the board of directors' discretion, for its staff to GuideStone Financial Resources of the Southern Baptist Convention. Upon completion of one year of employment, by both full and part time employees, the Organization contributes up to 10% of an employee's salary. Total retirement benefits expense was \$6,823 in 2015.

NOTE 7: LEASE COMMITMENTS

Operating Leases

The Organization leases office space and equipment under noncancellable operating lease agreements. Rent expense under these operating leases was approximately \$83,529 for 2015.

Required minimum lease payments under the lease agreements are approximately as follows for the years ending December 31,

2016		\$	79,501
2017			72,876
2018			19,254
2019			4,010
2020 & thereafter			540
		\$	<u><u>176,181</u></u>

NOTE 8: CONCENTRATIONS OF RISK

In 2015 the Organization received approximately 71% of its support from the Texas Department of State Health Services grant.

Drug Prevention Resources, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 9: DONATED ASSETS AND SERVICES

The Organization received donated professional services, space, equipment, and volunteer service hours for the following purposes for the year ended December 31:

	<u>2015</u>
Professional services	\$ 283,070
Space	<u>10,777</u>
	<u>\$ 293,847</u>

These amounts are included in revenue as unrestricted contributions which are reflected in the Statement of Activities and Changes in Net Assets.



**INDEPENDENT AUDITORS' 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.

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, 2015, and the related statements of activities and changes in net assets, 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 27, 2016.

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 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.

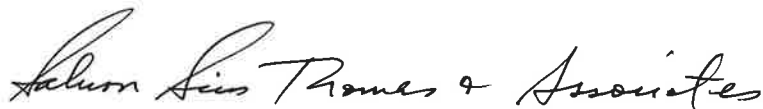
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Drug Prevention Resources, Inc.'s financial statements are free of 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company
September 27, 2016



INDEPENDENT AUDITORS' 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.

Report on Compliance for 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, 2015. Drug Prevention Resources, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Drug Prevention Resources, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Drug Prevention Resources, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Drug Prevention Resources, Inc.'s compliance.

Opinion on Each Major Federal Program

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, 2015.

Report on Internal Control over Compliance

Management of Drug Prevention Resources, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Drug Prevention Resources, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Drug Prevention Resources, Inc.'s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Salmon Sims Thomas & Associates
A Professional Limited Liability Company
September 27, 2016

Drug Prevention Resources, Inc.
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2015

<u>FEDERAL AGENCY</u>	<u>CFDA NO.</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>AMOUNT</u>
U.S. Department of Health and Human Services			
Direct Programs:			
Drug Free Communities Support Program	93.276		\$ 109,370
Pass-through programs from:			
Department of State Health Services (DSHS):			
Block Grant for Prevention of Substance Abuse	93.959	2015-046422	165,474
Block Grant for Prevention of Substance Abuse	93.959	2016-048004	70,326
Block Grant for Prevention of Substance Abuse	93.959	2015-046516	196,475
Block Grant for Prevention of Substance Abuse	93.959	2016-04108	82,040
Block Grant for Prevention of Substance Abuse	93.959	2015-046913	129,448
Block Grant for Prevention of Substance Abuse	93.959	2016-047892	37,340
Block Grant for Prevention of Substance Abuse	93.959	2015-046914	94,450
Block Grant for Prevention of Substance Abuse	93.959	2016-47892-004	46,505
Block Grant for Prevention of Substance Abuse	93.959	2015-046916	89,167
Block Grant for Prevention of Substance Abuse	93.959	2016-047892-004	28,564
Block Grant for Prevention of Substance Abuse	93.959	2015-046915	88,892
Block Grant for Prevention of Substance Abuse	93.959	2016-047892-003	45,177
Block Grant for Prevention of Substance Abuse	93.959	2015-046678	182,485
Block Grant for Prevention of Substance Abuse	93.959	2016-003739-00	68,738
Block Grant for Prevention of Substance Abuse	93.959	2016-048631-001	<u>21,303</u>
Total passed through Department Of State Health Services			<u>1,346,384</u>
Total U.S. Department of Health and Human Services			<u>\$1,455,754</u>

NOTE 1: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is prepared 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 regulation Part 200, *Uniform Administration Requirement, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Drug Prevention Resources, Inc.
Schedule of Findings and Questioned Costs
December 31, 2015

SUMMARY OF AUDITORS' RESULTS

1. The auditor issued an unmodified opinion on the financial statements of Drug Prevention Resources, Inc. as of and for the year ended December 31, 2015.
2. No significant deficiencies relating to the audit of the financial statements were reported.
3. The results of the financial statement audit disclosed no instances of noncompliance which were considered material to the financial statements.
4. We issued an unmodified opinion in our report on compliance for major programs for the year ended December 31, 2015.
5. No significant deficiencies relating to the audit of internal control over major federal award programs were found.
6. There were no audit findings that are required to be reported in accordance with OMB Uniform Guidance 200.516(a).
7. The program tested as a major program for the year ended December 31, 2015 is as follows:

Block Grant for Prevention of Substance Abuse	93.959
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8. The threshold used for distinguishing between type A and B programs was \$300,000.
9. Drug Prevention Resources, Inc. did qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

Drug Prevention Resources, Inc.
Summary Schedule of Prior Audit Findings
December 31, 2015

Drug Prevention Resources, Inc. was audited for the year ended December 31, 2014 by Salmon Sims Thomas & Associates, PLLC. There were no audit findings requiring corrective action.