# *Center for Prevention Services*

*Financial Statements*

*June 30, 2022*

FOARD

EST. 1964

***Center for Prevention Services***
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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Center for Prevention Services
Charlotte, North Carolina

*Opinion*
We have audited the accompanying financial statements of Center for Prevention Services (the "Organization" - a nonprofit organization), which comprises the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Prevention Services 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 of 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 Center for Prevention Services 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 Center for Prevention Services'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 auditors' 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, including omissions, 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.

Center for Prevention Services
Charlotte, North Carolina

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 purposes of expressing an opinion on the effectiveness of Center for Prevention Services'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 Center for Prevention Services'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 28, 2023, on our consideration of Center for Prevention Services'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 Organization'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 the Organization's internal control over financial reporting and compliance.

*Report on Summarized Comparative Information*

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

September 28, 2023

Foard & Company, P.A.

# *Center for Prevention Services*
## Statement of Financial Position
## June 30, 2022, With Prior Year Comparative Totals

| | | 2022 | | 2021 |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Current assets: | | | | |
| Cash | $ | 207,906 | $ | 224,877 |
| Receivables: | | | | |
| Grants and contracts | | 395,967 | | 154,963 |
| Inventory | | 1,009 | | 1,009 |
| Prepaid expenses | | 7,846 | | 64,003 |
| ***Total Current Assets*** | | ***612,728*** | | ***444,852*** |
| Investments: | | | | |
| Beneficial interest in assets held in trust by third party | | 348,513 | | 434,377 |
| Property and equipment, net | | 25,417 | | 3,857 |
| ***TOTAL*** | ***$*** | ***986,658*** | ***$*** | ***883,086*** |
| ***LIABILITIES AND NET ASSETS*** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued expenses | $ | 170,123 | $ | 95,726 |
| ***Total Current Liabilities*** | | ***170,123*** | | ***95,726*** |
| Net assets: | | | | |
| Without Donor Restrictions: | | | | |
| Undesignated | | 349,216 | | 181,336 |
| Designated | | 348,513 | | 434,377 |
| ***Total Without Donor Restrictions*** | | ***697,729*** | | ***615,713*** |
| With donor restrictions | | 118,806 | | 171,647 |
| ***Total Net Assets*** | | ***816,535*** | | ***787,360*** |
| ***TOTAL*** | ***$*** | ***986,658*** | ***$*** | ***883,086*** |

## *Center for Prevention Services*

**Statement of Activities**

**Year Ended June 30, 2022, With Prior Year Comparative Totals**

| | 2022 | 2021 |
|---|---|---|
| ***NET ASSETS WITHOUT DONOR RESTRICTIONS*** | | |
| ***SUPPORT AND REVENUE*** | | |
| Governmental agency contracts and grants | $ 2,097,565 | $ 1,294,723 |
| Contributions | 96,935 | 23,260 |
| Program service fees | 35,770 | 3,289 |
| Investment earnings (loss) | (60,862) | 98,676 |
| Other | (363) | - |
| Net assets released from restriction: | | |
| Satisfaction of program restrictions | 115,532 | 29,034 |
| ***TOTAL SUPPORT AND REVENUE*** | ***2,284,577*** | ***1,448,982*** |
| ***EXPENSES*** | | |
| Program services | 1,942,219 | 1,300,034 |
| Management and general | 110,128 | 65,340 |
| Fund raising | 150,214 | 72,443 |
| ***TOTAL EXPENSES*** | ***2,202,561*** | ***1,437,817*** |
| ***CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS*** | ***82,016*** | ***11,165*** |
| ***NET ASSETS WITH DONOR RESTRICTIONS*** | | |
| Contributions | 62,691 | 150,565 |
| Net assets released from restriction: | | |
| Satisfaction of program restrictions | (115,532) | (29,034) |
| ***CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS*** | ***(52,841)*** | ***121,531*** |
| ***CHANGE IN NET ASSETS*** | ***29,175*** | ***132,696*** |
| ***NET ASSETS, BEGINNING*** | ***787,360*** | ***654,664*** |
| ***NET ASSETS, ENDING*** | ***$ 816,535*** | ***$ 787,360*** |

## *Center for Prevention Services*

**Statement of Functional Expenses**

**Year Ended June 30, 2022, With Prior Year Comparative Totals**

| | Year Ended June 30, 2022 | | | | |
|---|---|---|---|---|---|
| | Program Services | Management and General | Fund Raising | Totals | 2021 Totals |
| Salaries and benefits | $ 978,514 | $ 55,484 | $ 75,680 | $ 1,109,678 | $ 927,600 |
| Materials | 346,141 | 19,627 | 26,771 | 392,539 | 170,697 |
| Fees and services | 173,621 | 9,845 | 13,428 | 196,894 | 109,169 |
| Occupancy | 107,555 | 6,099 | 8,318 | 121,972 | 97,156 |
| Depreciation | 4,876 | 276 | 377 | 5,529 | 2,848 |
| Marketing | 193,669 | 10,981 | 14,979 | 219,629 | 56,791 |
| Supplies | 2,684 | 152 | 208 | 3,044 | 2,111 |
| Training | 16,457 | 933 | 1,273 | 18,663 | 7,661 |
| Travel | 59,493 | 3,373 | 4,601 | 67,467 | 23,707 |
| Telephone | 25,112 | 1,424 | 1,942 | 28,478 | 22,636 |
| Insurance | 9,868 | 560 | 763 | 11,191 | 4,971 |
| Dues and subscriptions | 4,833 | 274 | 374 | 5,481 | 1,836 |
| Equipment expenses | 3,978 | 226 | 308 | 4,512 | 3,835 |
| Printing and postage | 9,742 | 552 | 753 | 11,047 | 2,962 |
| Miscellaneous | 5,676 | 322 | 439 | 6,437 | 3,837 |
| ***NET EXPENSES*** | ***$ 1,942,219*** | ***$ 110,128*** | ***$ 150,214*** | ***$ 2,202,561*** | ***$ 1,437,817*** |

## *Center for Prevention Services*

**Statement of Cash Flows**

**Year Ended June 30, 2022, With Prior Year Comparative Totals**

| | 2022 | 2021 |
|---|---|---|
| ***OPERATING ACTIVITIES*** | | |
| Change in net assets | $ 29,175 | $ 132,696 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 5,529 | 2,848 |
| Change in value of beneficial interest in assets held in trust | 57,461 | (101,670) |
| (Increase) decrease in operating assets: | | |
| Receivables | (241,004) | (17,288) |
| Prepaid expenses | 56,157 | (56,324) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | 74,397 | 7,016 |
| ***Cash Flows From Operating Activities*** | ***(18,285)*** | ***(32,722)*** |
| **INVESTING ACTIVITIES** | | |
| Sales of investments | 28,403 | 2,996 |
| Purchase of property and equipment | (27,089) | (1,065) |
| ***Cash Flows From Investing Activities*** | ***1,314*** | ***1,931*** |
| ***NET CHANGE IN CASH*** | ***(16,971)*** | ***(30,791)*** |
| ***CASH, BEGINNING*** | ***224,877*** | ***255,668*** |
| ***CASH, ENDING*** | ***$ 207,906*** | ***$ 224,877*** |

**NOTE A - NATURE OF OPERATIONS**

*Organization*
Center for Prevention Services (the Organization), was established as a not-for-profit corporation under the laws of North Carolina in 1971. The purpose of the Organization is to promote health and resilience through progressive approaches that integrate evidence-based substance use prevention programming, harm reduction, and multifaceted systems of care. The Organization's offices are located at 1117 Morehead Street, Charlotte, North Carolina.

*Funding*
The operations of the Organization are primarily funded by contracts and grants from federal, state and county governments.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Organization uses the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to U.S. generally accepted accounting principles (GAAP).

*Basis of presentation*
The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). Under GAAP the Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

*Net assets without donor restrictions* – Net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in property. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. Designated net assets of $348,513 as of year-end represents the non-spendable balance of the quasi-endowment disclosed in Note C below.

*Net assets with donor restrictions* – Net assets with donor restrictions consist of restrictions that are temporary or perpetual in nature. Net assets with donor restrictions that are temporary in nature are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time. Net assets with donor restrictions that are perpetual in nature are subject to donor-imposed stipulations that they be maintained permanently by the Organization. During the year, the Organization had no net assets with donor restrictions that were required to be held in perpetuity.

*Revenue Recognition*
The Organization reports contributions and grants of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same reporting period as received are reported as contributions without donor restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which 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. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No funds have been received in advance that have not been utilized.

*Donated services and goods*
Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded no contributed services or donated goods.

A number of volunteers, including members of the Board of Directors, contribute significant amounts of time to the Organization. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements.

*Grants receivable*
Grants receivable relate to amounts billed to various governmental agencies for Organization expenditures payable under reimbursement contracts. All grant receivables are expected to be collected within one year. Based on a review of each account, management has determined that no allowance for doubtful accounts is needed.

*Inventory*
Inventory primarily consists of educational and informational materials held for resale, which are stated at the lower of cost or market using the first-in, first-out method.

*Property and equipment*
Fixed assets are recorded at cost if purchased or fair value if donated when they exceed $500. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which vary from 5 to 7 years.

*Functional allocation of expenses*
The Organization's activities are focused in three functional areas. Program services represent the primary focus of the Organization. Supporting services are fundraising activities and management and general activities. Materials, marketing and insurance are allocated on an analysis of the expenses that comprise those costs. All other expenses are allocated based on management's estimates of time spent on the three functions.

*Income tax status*
The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code except to the extent of taxes on unrelated business income. The Organization is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

*Use of estimates*
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Future pronouncements*
The Organization expects to adopt the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-02, *Leases*, for the year ending June 30, 2023. The new standard will require the Organization to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes will entail certain retrospective adjustments. The qualitative effects on the Organization's future financial statements for these changes and related retrospective adjustments have not yet been determined.

*Prior-year comparative totals*
The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2021 financial statements, from which the summarized information was derived. Certain prior-year amounts may have been reclassified to conform to the current year's presentation.

## NOTE C - INVESTMENTS

Investment income for the year ended June 30, 2022, consists of interest and change in the value of beneficial interest in assets held in trust.

*Beneficial interest in assets held in trust by third party*
The Organization has included in these financial statements the fair value of investments and related income earned on certain funds held in trust solely for the benefit of the Organization.

The Foundation for the Carolinas (the Foundation) holds in trust an account for the benefit of the Organization. The Organization may request annual distributions of accumulated income from this account. The Foundation has complete discretion as to the timing and amounts of distributions from this fund; however, the Foundation has no variance power to distribute any portion of this fund to another not-for-profit entity. Assets at the Foundation, with a year-end fair value of $348,513, are held in an investment pool with a fund type of *Quasi-Endowed Designated* and an asset investment strategy of *Active Long-Term*.

Fair value measurements

Current accounting standards require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's beneficial interest in assets held in trust by the Foundation is classified as Level 3 assets. Values of these investments are determined by the Foundation based on the fair value of the underlying assets, which consists of assets, some of which are publicly traded and some of which are not publicly traded.

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year.

| | |
|---|---|
| Balance, beginning of year | $ 434,377 |
| Change in value | (57,461) |
| Sale of investments | (28,403) |
| Balance, end of year | $ 348,513 |

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment as of year-end consists of the following:

| | | |
|---|---|---|
| Computer equipment | $ | 40,959 |
| Other office equipment | | 7,489 |
| Furniture and fixtures | | 14,511 |
| Total | | 62,959 |
| Less - accumulated depreciation | | 37,542 |
| TOTAL | $ | 25,417 |

**NOTE E - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at year-end are held for the following:

| | | |
|---|---|---|
| Temporary in nature: | | |
| Rowan County Syringe Access Program | $ | 67,734 |
| Allianza | | 191 |
| Photo Vision | | 3,578 |
| Mason Fultz Foundation for H.O.P.E. | | 47,303 |
| TOTAL | $ | 118,806 |

**NOTE F - RETIREMENT PLAN**

The Organization provides retirement benefits to employees who work over 1,000 hours or more in a calendar year under a plan qualified under Internal Revenue Code Section 403(b). The Organization contributes three percent of the eligible employees' regular compensation and matches 50% of employee contributions up to a maximum of six percent total contribution. Total vesting of employer contributions occurs after three years. The Organization's contributions to the plan were $25,963 for the year.

## NOTE G - LEASE OBLIGATIONS

The Organization leases office space and equipment under operating leases. During the year, the Organization made total payments of $110,861 related to these leases. Future minimum rental payments due under these leases are as follows:

| | | |
|---|---|---|
| Year ended June 30: | | |
| 2023 | $ | 76,463 |
| 2024 | | 41,702 |
| 2025 | | 43,370 |
| 2026 | | 22,110 |
| TOTAL | $ | 183,645 |

## NOTE H - CONCENTRATIONS

*Revenue*

The Organization operates within a limited geographical area and receives funding from a limited number of sources. During the year, the Organization received 35 percent of its recurring support and revenue from 3 sources. At year-end, 51 percent of grants and contracts receivable are due from these sources. Any significant reduction in the above funding, could have a significant effect on the Organization's programs and activities.

*Investments*

Investments held at the Foundation are not insured.  The Organization invests in a variety of investments chosen by the Foundation, which are subject to fluctuations in market values and expose the Organization to a certain degree of investment risk.

## NOTE I - CONTINGENCIES

Financial awards from state and local governmental entities in the form of grants are subject to special audits by the funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

## NOTE J - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has $603,873 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $207,906 and receivables of $395,967, which are expected to be collected during the year. Of this total, $118,806 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization also maintains a $30,000 line of credit to provide for operating expenses on a short-term basis if needed.

**NOTE K - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.

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# 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 of
Center for Prevention Services
Charlotte, North Carolina

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 Center for Prevention Services (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and have issued our report thereon dated September 28, 2023.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency, as described in the accompanying schedule of findings and questioned costs as item 2022-1, that we consider to be material weaknesses. Given these limitations, additional material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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*.

**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 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.

Foard & Company, P.A.

September 28, 2023

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# 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 of
Center for Prevention Services
Charlotte, North Carolina

## Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

We have audited Center for Prevention Services (the Organization's) compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Center for Prevention Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

### 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 the Organization 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 its major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal program.

**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 the Organization'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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. 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 the Organization's compliance with the requirements of its 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 the Organization'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 the Organization'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 the Organization'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.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-2. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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 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 have not been 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Foard & Company, P.A.

September 28, 2023

## I. Summary of Auditors' Results

A. An unmodified opinion was issued on the financial statements of Center for Prevention Services.

B. A material weakness related to the audit of the financial statements are reported in the "Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements In Accordance With *Government Auditing Standards*."

C. No instances of noncompliance material to the financial statements of Center for Prevention Services were disclosed during the audit.

D. No significant deficiencies relating to the audit of the major federal award program are reported in the "Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance."

E. An unmodified opinion was issued on Center for Prevention Services' compliance with the types of compliance requirements applicable to its major federal program.

F. Our audit disclosed no audit findings that related to its major federal program.

G. The major federal program for Center for Prevention Services for the fiscal year ended June 30, 2022:

| Program Name | CFDA# |
|---|---|
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 |

H. The threshold used to distinguish between Type A and Type B programs Center for Prevention Services is $750,000.

I. Center for Prevention Services did not qualify as a low risk auditee under Section 200 of the Uniform Guidance.

## II. Findings Related to the Audit of the Financial Statements

Material Weakness

Finding 2022-1

Criteria: Auditing standards require management provide financial statements in accordance with generally accepted accounting principles, which are free from material misstatements.

Condition: The Organization's initial financial statements contained material misstatements.

Effect: The Organization's financial statements were materially misstated.

Cause: Errors related to the recording of revenue, expenses and accruals, in part due to import function between QuickBooks, bank accounts and credit card accounts.

Recommendation: Additional resources should be allocated to accounting.

Views of responsible officials: The Organization agrees with this finding.

Corrective Action Plan: The Organization has contracted with a bookkeeping firm to assist as needed to correct issues as they arise. It should be noted that the Organization attempted to contract with a bookkeeper prior to the start of the audit however, the bookkeeper ceased services without notice and the Organization was unable to find another bookkeeper prior to the fieldwork date.

## III. Findings Related to the Audit of Federal Awards

Finding 2022-2

Criteria: Data Collection form is to be submitted nine months from the fiscal year end date.

Condition: The data collection form will be submitted after that deadline.

Effect: The Organization will not qualify as a low risk auditee.

Cause: The audit report was delayed due to misstatements in the financial statements.

Recommendation: Recommendation has been implemented.

Views of responsible officials: The Organization agrees with this finding.

Corrective Action Plan: The audit of the June 30, 2023 financial statements is scheduled for October 2023 and is expected to be completed shortly thereafter.

## IV. Summary Schedule of Prior Year Audit Findings

No Uniform Guidance audit was required for the year ended June 30, 2021.

# *Center for Prevention Services*

## Schedule of Expenditures of Federal Awards

## Year Ended June 30, 2022

| Agency | CFDA Number | Amount Expended |
|---|---|---|
| **U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:** | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | |
| Passed through Alliance | | $ 306,382 |
| Passed through Sandhills | | 108,032 |
| Passed through UNC Greensboro | | 41,940 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | 277,965 |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | |
| Passed through NC Department of Health and Human Services | | 147,708 |
| Drug-Free Communities Support Program Grants | 93.276 | |
| Passed through SAMHSA | | 28,903 |
| Passed through CDC | | 84,890 |
| Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises | 93.391 | |
| Passed through NC Department of Health and Human Services | | 130,278 |
| TOTAL FEDERAL AWARDS | | $ 1,126,098 |