

# Financial Statements

Idaho Harm Reduction Project  
Includes Supplementary Information  
Year Ended June 30, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Idaho Harm Reduction Project  
Boise, Idaho

### Report on the Audit of the Financial Statements

#### *Qualified Opinion*

We have audited the financial statements of Idaho Harm Reduction Project, 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 the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Idaho Harm Reduction Project as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Qualified Opinion*

Due to a lack of sufficient appropriate audit evidence, as of and for the year ended June 30, 2022, we were unable to determine value of Idaho Harm Reduction Project's inventory as reported on the statement of financial position, certain expenses related to the use of inventory and supplies, and the change in inventory as reported on the statement of cash flows. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Idaho Harm Reduction Project 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 qualified 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 Idaho Harm Reduction Project's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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.

In performing an audit in accordance with GAAS 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 Idaho Harm Reduction Project'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 Idaho Harm Reduction Project'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.



## Report on Other Legal and Regulatory Requirements

### *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, except for the effect on the accompanying information of the qualified opinion on the financial statements as described above, 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 June 20, 2022 on our consideration of Idaho Harm Reduction Project'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 Idaho Harm Reduction Project'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 Idaho Harm Reduction Project's internal control over financial reporting and compliance.

*Harris CPAs*

Meridian, Idaho  
June 20, 2023

**IDAHO HARM REDUCTION PROJECT**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2022**

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**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 111,758
Inventory	<u>35,872</u>

Total Current Assets 147,630

**Property and Equipment, net** 38,869

Total Assets \$ 186,499

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accrued and withheld payroll costs	\$ 11,255
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**Net Assets**

Without donor restrictions	<u>175,244</u>
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Total Liabilities and Net Assets \$ 186,499

See notes to financial statements.

**IDAHO HARM REDUCTION PROJECT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

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	<b><u>Without Donor Restrictions</u></b>
<b>Revenues and Other Support</b>	
Government grants	\$ 1,729,648
Contributed nonfinancial assets	39,577
Non-government grants	33,333
Contributions	25,511
Merchandise sales	2,335
Special events	1,500
Other income	<u>3,835</u>
Total Revenue	1,831,904
<b>Expenses</b>	
Program Services	1,598,514
Supporting Services:	
Management and general	133,915
Fundraising	<u>1,012</u>
Total Supporting Services	<u>134,927</u>
Total Expenses	<u>1,733,441</u>
Change in Net Assets	98,463
<b>Net Assets</b>	
Beginning of Year	<u>76,781</u>
End of Year	<u><u>\$ 175,244</u></u>

See notes to financial statements.

**IDAHO HARM REDUCTION PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2022**

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	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Narcan	\$ 1,203,415	\$ 0	\$ 0	\$ 1,203,415
Salaries, benefits, and payroll taxes	172,570	100,122		272,692
Non-personnel	74,205	2,203	1,012	77,420
Harm reduction supplies	68,691	192		68,883
Contributed nonfinancial assets	32,027	7,550		39,577
Contract services	16,047	13,300		29,347
Facility and vehicles	16,951	4,032		20,983
Depreciation	9,478			9,478
Advertising	1,974			1,974
Travel and conferences	472	110		582
Other expenses	<u>2,684</u>	<u>6,406</u>	<u></u>	<u>9,090</u>
Total Expenses	<u>\$ 1,598,514</u>	<u>\$ 133,915</u>	<u>\$ 1,012</u>	<u>\$ 1,733,441</u>

See notes to financial statements.



**IDAHO HARM REDUCTION PROJECT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2022**

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**Cash Flow From Operating Activities**

Change in net assets	\$ 98,463
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	9,478
Changes in operating assets and liabilities:	
Accounts receivable	13,945
Inventory	(35,872)
Accounts payable	(37,239)
Accrued and withheld payroll costs	<u>10,305</u>

Net Cash Provided (Used) by Operating Activities 59,080

**Cash and Cash Equivalents, Beginning of Year** 52,678

**Cash and Cash Equivalents, End of Year** \$ 111,758

See notes to financial statements.

# IDAHO HARM REDUCTION PROJECT

## NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies

#### *Nature of Organization*

Idaho Harm Reduction Project (the Organization) is a nonprofit organization incorporated under the laws of the State of Idaho. The Organization supports community health centers in providing accessible, affordable and high-quality primary care to all Idahoans through training and technical support. The Organization keeps health centers current on issues and trends affecting the changing healthcare landscape.

#### *Basis of Accounting*

The financial statements of Idaho Harm Reduction Project have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis of Presentation*

The Organization reports net assets, revenues, expenses, gains and losses which are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

#### *Accounting Pronouncements Adopted*

For the year ended June 30, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires not-for-profit entities to disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. The Organization must also disclose qualitative info about whether the contributed nonfinancial assets were monetized or utilized during the reporting period, the Organization policy about monetizing contributed nonfinancial assets, a description of any donor imposed restrictions, the valuation method used, and the principal or most advantageous market used for the valuation if it is a market in which the recipient Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. There was no material impact on the Organization's activities or financial position upon adoption of the new standard.

## IDAHO HARM REDUCTION PROJECT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note A – Summary of Significant Accounting Policies (Continued)**

##### *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 the reported revenues and expenses. Actual results could differ from those estimates.

##### *Cash Equivalents*

The Organization considers all unrestricted, short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

##### *Concentrations of Credit Risk*

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. The Organization maintains cash balances at Horizon Credit Union. At times during the year ended June 30, 2022 the entire cash balance was fully insured.

##### *Inventory*

Inventory consists of program supplies, such as needles and Narcan, and is valued at the lower cost or market. Cost is determined using the specific identification method.

##### *Property and Equipment*

Property and equipment is stated at cost, or, if donated, at the estimated fair market value at the date of donation. It is the Organization's policy to capitalize purchases of capital assets greater than \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which ranges from three to ten years.

##### *Functional Allocation of Expense*

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Rent, professional fees, depreciation, and insurance have been allocated based on the percentage of hours worked on each grant. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

# IDAHO HARM REDUCTION PROJECT

## NOTES TO FINANCIAL STATEMENTS

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### **Note A – Summary of Significant Accounting Policies (Continued)**

#### *Revenue Concentration*

The Organization received approximately 96% of its revenues and support from federal agencies for the year ended June 30, 2022. Changes in federal funding would substantially impact the Organization.

#### *Contributed Nonfinancial Assets*

The Organization records in-kind goods based on the fair value as described in generally accepted accounting principles. The Organization recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

#### *Grants and Contracts*

Grant and contract revenue received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted grants and contracts are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of 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. Grant and contract revenue received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. As of June 30, 2022, the Organization did not have any net assets with donor restrictions.

#### *Uncertain Tax Positions*

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2022.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2019.

# IDAHO HARM REDUCTION PROJECT

## NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Income Taxes*

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

#### *Subsequent Events*

The Organization has evaluated subsequent events through June 20, 2023, which is the date the financial statements were available to be issued.

### Note B – Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 111,758
Total financial assets available within one year	<u>\$ 111,758</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### Note C – Property and Equipment

At June 30, 2022, property and equipment consisted of the following:

Furniture and office equipment	\$ 10,347
Vehicles	<u>40,000</u>
	50,347
Less accumulated depreciation	<u>(11,478)</u>
Property and Equipment, net	<u>\$ 38,869</u>

## **IDAHO HARM REDUCTION PROJECT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note D – Leases**

The Organization leases office space under a 24 month agreement with a monthly payment of \$700, that expired in August of 2022. As of June 30, 2022 the client prepaid all rent through August of 2022 and had no future lease payments. Rent expense under the operating lease for the year ended June 30, 2022 was \$19,810.

#### **Note E – Retirement Plan**

The Organization has a 401(k) Profit Sharing Plan available to all eligible employees who have been with the Organization for over three months. Participation in the plan by eligible employees is on a voluntary basis. Effective January 1, 2022, the Organization matches employee contributions for up to 6% of the employee's compensation. Contributions for the year ended June 30, 2022 was \$8,492.

#### **Note F – Economic Dependence**

The Organization received a major portion of the current year revenues from federal awards. The Organization is dependent on the continuance of such grants for its existence at current program levels. The Organization's management is of the opinion that it will continue to operate if some of the funding sources are no longer available.

#### **Note G – Contingencies**

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and a final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

## IDAHO HARM REDUCTION PROJECT

### NOTES TO FINANCIAL STATEMENTS

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#### Note H – Contributed Nonfinancial Assets

For the year ended June 30, 2022 contributed nonfinancial assets recognized within the statement of activities included:

Supplies	\$ 32,027
Furniture and fixtures	<u>7,550</u>
	<u>\$ 39,577</u>

The Organization recognized contributed nonfinancial assets within revenue, including donated supplies, furniture and fixtures. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed supplies are comprised of donated needles, medications, and other healthcare supplies used in the Organization's various programs. In valuing needles, medications, and other healthcare supplies, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed furniture and equipment are comprised of donated office furniture and fixtures used for the Organization's day to day operations. Contributed furniture and fixture are valued on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

## **SUPPLEMENTARY INFORMATION**



**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  
Idaho Harm Reduction Project  
Boise, Idaho

We have audited 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, the financial statements of Idaho Harm Reduction Project, 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 the related notes to the financial statements, and have issued our report thereon dated June 20, 2023.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Idaho Harm Reduction Project's internal control over financial reporting (internal control) as a basis for designing 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 Idaho Harm Reduction Project's internal control. Accordingly, we do not express an opinion on the effectiveness of Idaho Harm Reduction Project's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses (Finding 2022-001).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Idaho Harm Reduction Project'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 financial statements. 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*.

### **Idaho Harm Reduction Project's Response to Findings**

Idaho Harm Reduction Project's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Idaho Harm Reduction Project's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result 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.

Meridian, Idaho  
June 20, 2023

**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  
Idaho Harm Reduction Project  
Boise, Idaho

**Report on Compliance for Each Major Federal Program**

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

We have audited Idaho Harm Reduction Project's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Idaho Harm Reduction Project's major federal programs for the year ended June 30, 2022. Idaho Harm Reduction Project'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, Idaho Harm Reduction Project complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Idaho Harm Reduction Project 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 Idaho Harm Reduction Project'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 Idaho Harm Reduction Project'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 Idaho Harm Reduction Project'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 GAAS, *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. 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 Idaho Harm Reduction Project's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Idaho Harm Reduction Project'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 Idaho Harm Reduction Project'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 Idaho Harm Reduction Project'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 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 item 2022-002. 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 Idaho Harm Reduction Project's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Idaho Harm Reduction Project'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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

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 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Idaho Harm Reduction Project's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Idaho Harm Reduction Project'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.

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.

*Harris CPAs*

Meridian, Idaho  
June 20, 2023

**IDAHO HARM REDUCTION PROJECT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2022**

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<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passthrough Idaho Department of Health and Welfare:			
State Opioid Response Grant	93.788	1H79TI083282-01	\$ 1,012,008
Aids Drug Assistance Supplemental Grant	93.917	2 X08HA30472-05	26,193
CDC Integrated HIV Surveillance and prevention programs for health department	93.940	6 NU62PS924549-05	21,482
Strengthening STD Prevention and Control of Health Districts	93.977	6 NH25PS005171-04	<u>10,589</u>
Total U.S. Department of Health and Human Services			1,070,272
U.S. DEPARTMENT OF JUSTICE:			
Passthrough Idaho Department of Health and Welfare:			
Harold Rodgers Prescription Drug Monitoring Program	16.754	2018-PM-BX-K123	54,196
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	15PBJA-21-GG-04557	<u>343,547</u>
Total U.S. Department of Justice			<u>397,743</u>
Total expenditures of federal awards			<u>\$ 1,468,015</u>

See notes to schedule of expenditures of federal awards.

# **IDAHO HARM REDUCTION PROJECT**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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### **Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards include the federal award activity of Idaho Harm Reduction Project under programs of the federal government for the year ended June 30, 2022. 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). Because the Schedule presents only a selected portion of the operations of Idaho Harm Reduction Project, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Idaho Harm Reduction Project.

### **Note B – Summary of Significant Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures 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.

### **Note C – Indirect Cost Rate**

Idaho Harm Reduction Project has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**IDAHO HARM REDUCTION PROJECT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

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**Section I – Summary of Audit Results**

*Financial Statements:*

Type of auditors' report issued:	Qualified
Internal control over financial reporting:	
• Material weakness identified?	<u>  X  </u> Yes <u>      </u> No
• Significant deficiencies identified that are not considered to be material weaknesses?	<u>      </u> Yes <u>  X  </u> None reported
Noncompliance material to the financial statements noted?	<u>      </u> Yes <u>  X  </u> No

*Federal Awards:*

Internal control over major programs:	
• Material weakness identified?	<u>  X  </u> Yes <u>      </u> No
• Significant deficiencies identified that are not considered to be material weaknesses?	<u>      </u> Yes <u>  X  </u> None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516?	<u>  X  </u> Yes <u>      </u> No

*Identification of major programs:*

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.788	State Opioid Response Grant
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	<u>      </u> Yes <u>  X  </u> No



**IDAHO HARM REDUCTION PROJECT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

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**Section II – Financial Statement Findings**

**2022-001 Financial Statement Close Procedures and Material Audit Adjustments**

*Criteria:*

During the course of our engagement, we proposed material audit adjustments that would not have been identified through Idaho Harm Reduction Project's internal control process, and therefore could have resulted in a misstatements of the Organization's financial statements. The internal control structure should include procedures to ensure that account balances are properly stated and reconciled at year-end in a timely manner.

*Condition:*

An internal control system design must include elements to properly reconcile account balances at year-end, post closing entries, and to record items in accordance with generally accepted accounting principles.

*Cause:*

The Organization does not have a proper internal control structure in place to identify material adjustments.

*Effect:*

Material audit adjustments were proposed and made through the course of the audit. If these adjustments were not recorded, the financial statements could have been materially misstated.

*Recommendation:*

Management should develop a review process to ensure that the financial information is recorded appropriately in accordance with generally accepted accounting principles and is properly reconciled and recorded at year-end in a timely manner.

*Views of Responsible Officials:*

Management will work to develop the proper procedures to ensure that balances are appropriately reconciled at year-end and recorded in accordance with generally accepted accounting principle.

**IDAHO HARM REDUCTION PROJECT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

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**Section III – Federal Award Findings and Questioned Costs**

**2022-002 Single Audit Completion and Submission**

<b><u>Program Title</u></b>	<b><u>Federal CFDA Number</u></b>
State Opioid Response Grant – Passthrough Idaho Department of Health and Welfare	93.788

*Criteria:*

2 CFR Section 200.512 (a)(1) states that Idaho Harm Reduction Project's single audit must be completed and the data collection form must be submitted nine months after the end of the audit period.

*Condition:*

The Organization did not complete and submit its single audit within nine months after the end of the audit period.

*Cause:*

The Organization does not have a proper internal control structure in place to complete its single audit requirement in a timely manner.

*Effect:*

Users of the financial statements do not have timely access to the Organization's financial information.

*Questioned Costs:*

None.

*Recommendation:*

Management should develop a review process to ensure that the financial information is recorded appropriately in accordance with generally accepted accounting principles, is properly reconciled and recorded at year-end in a timely manner, and audits are completed in a timely manner in accordance with 2 CFR Section 200.512.

**IDAHO HARM REDUCTION PROJECT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

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**Section III – Federal Award Findings and Questioned Costs (Continued)**

*Views of Responsible Officials:*

Management will work to develop the proper procedures to ensure that balances are appropriately reconciled at year-end and recorded in accordance with generally accepted accounting principles, so the reporting requirements in 2 CFR Section 200.512 are met.