



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

May 22, 2025

Board of Directors
Overdose Lifeline, Inc.
Marion County, Indiana

We have reviewed the audit report of Overdose Lifeline, Inc., which was opined upon by Pile CPAs, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Overdose Lifeline, Inc. as of December 31, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings included in the report on pages 31 through 37. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears at the end of the report.

In our opinion, Pile CPAs prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



**OVERDOSE LIFELINE, INC.
AND SUBSIDIARY**

FINANCIAL REPORT

December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Overdose Lifeline, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of Overdose Lifeline, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

INDEPENDENT AUDITOR'S REPORT - continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued

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 amatorial 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 the Organization'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 the Organization'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.

Other Matters

Our audit were 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.

INDEPENDENT AUDITOR'S REPORT - continued

Other Matters - continued

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 August 29, 2024, on our consideration of the Organization'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 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.

Pile CPAs

Indianapolis, Indiana
August 29, 2024

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,251,323	\$ 1,491,513
Certificates of deposit	200,000	204,398
Grants receivable	1,130,360	1,573,505
Accounts receivable, less allowance for credit loss - 2023: \$0; 2022: \$41,112	69,347	22,345
Other current assets	690,152	283,236
TOTAL CURRENT ASSETS	<u>4,341,182</u>	<u>3,574,997</u>
<u>INVESTMENTS AND OTHER ASSETS</u>		
Grants receivable, net of current	35,000	87,425
Operating lease right-of-use assets, net	35,175	69,943
Investments, at fair value	1,023,451	6,747
Property and equipment, net	802,078	714,699
	<u>1,895,704</u>	<u>878,814</u>
TOTAL ASSETS	<u>\$ 6,236,886</u>	<u>\$ 4,453,811</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of right-of-use operating lease liabilities	\$ 35,500	\$ 43,705
Accounts payable and accrued expenses	185,731	722,639
Deferred revenue	2,500	47,963
TOTAL CURRENT LIABILITIES	<u>223,731</u>	<u>814,307</u>
<u>RIGHT-OF-USE OPERATING LEASE LIABILITY,</u>		
net of current portion	<u>-</u>	<u>26,471</u>
<u>NET ASSETS</u>		
Without donor restrictions	5,114,909	2,633,644
With donor restrictions	898,246	979,389
TOTAL NET ASSETS	<u>6,013,155</u>	<u>3,613,033</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,236,886</u>	<u>\$ 4,453,811</u>

See Notes to Consolidated Financial Statements.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 9,638,551	\$ 114,328	\$ 9,752,879
Contributions of cash	657,526	250,700	908,226
Contributions of nonfinancial assets	<u>2,941</u>	<u>-</u>	<u>2,941</u>
	<u>10,299,018</u>	<u>365,028</u>	<u>10,664,046</u>
Special events:			
Special event revenue	120,219	-	120,219
Special event revenue, nonfinancial assets	3,782	-	3,782
Less direct benefit costs	<u>31,956</u>	<u>-</u>	<u>31,956</u>
	<u>92,045</u>	<u>-</u>	<u>92,045</u>
Training and education income	360,049	-	360,049
Conference income	-	-	-
Investment income (loss):			
Interest and dividends, net of expenses	76,227	-	76,227
Realized gain (loss) on investments	51,553	-	51,553
Unrealized gain (loss) on investments	2,234	-	2,234
Other income	92,803	-	92,803
Net assets released from restrictions	<u>446,171</u>	<u>(446,171)</u>	<u>-</u>
	<u>1,029,037</u>	<u>(446,171)</u>	<u>582,866</u>
TOTAL SUPPORT AND REVENUE	<u>11,420,100</u>	<u>(81,143)</u>	<u>11,338,957</u>
<u>EXPENSES</u>			
Program services	8,464,960	-	8,464,960
Supporting services	<u>473,875</u>	<u>-</u>	<u>473,875</u>
TOTAL EXPENSES	<u>8,938,835</u>	<u>-</u>	<u>8,938,835</u>
CHANGE IN NET ASSETS	2,481,265	(81,143)	2,400,122
<u>NET ASSETS</u>			
Beginning of year	<u>2,633,644</u>	<u>979,389</u>	<u>3,613,033</u>
End of year	<u>\$ 5,114,909</u>	<u>\$ 898,246</u>	<u>\$ 6,013,155</u>

See Notes to Consolidated Financial Statements.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES - continued

Year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 6,216,348	\$ 958,771	\$ 7,175,119
Contributions of cash	374,319	10,020	384,339
Contributions of nonfinancial assets	<u>586,238</u>	<u>-</u>	<u>586,238</u>
	<u>7,176,905</u>	<u>968,791</u>	<u>8,145,696</u>
Special events:			
Special event revenue	89,097	-	89,097
Special event revenue, nonfinancial assets	2,508	-	2,508
Less direct benefit costs	<u>26,894</u>	<u>-</u>	<u>26,894</u>
	<u>64,711</u>	<u>-</u>	<u>64,711</u>
Training and education income	268,401	-	268,401
Conference income	98,990	-	98,990
Investment income (loss):			
Interest and dividends, net of expenses	719	-	719
Realized gain (loss) on investments	-	-	-
Unrealized gain (loss) on investments	(727)	-	(727)
Other income	70,514	-	70,514
Net assets released from restrictions	<u>425,412</u>	<u>(425,412)</u>	<u>-</u>
	<u>863,309</u>	<u>(425,412)</u>	<u>437,897</u>
TOTAL SUPPORT AND REVENUE	<u>8,104,925</u>	<u>543,379</u>	<u>8,648,304</u>
<u>EXPENSES</u>			
Program services	7,955,153	-	7,955,153
Supporting services	<u>429,361</u>	<u>-</u>	<u>429,361</u>
TOTAL EXPENSES	<u>8,384,514</u>	<u>-</u>	<u>8,384,514</u>
CHANGE IN NET ASSETS	(279,589)	543,379	263,790
<u>NET ASSETS</u>			
Beginning of year	<u>2,913,233</u>	<u>436,010</u>	<u>3,349,243</u>
End of year	<u>\$ 2,633,644</u>	<u>\$ 979,389</u>	<u>\$ 3,613,033</u>

See Notes to Consolidated Financial Statements.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	<u>Program Services</u>				<u>Supporting Activities</u>			
	<u>Harm Reduction</u>	<u>Training & Education</u>	<u>Recovery</u>	<u>Total Program</u>	<u>General and Admin.</u>	<u>Fund-Raising</u>	<u>Total Supporting</u>	<u>Total</u>
Credit losses	\$ -	\$ 7,990	\$ -	\$ 7,990	\$ -	\$ -	\$ -	\$ 7,990
Bank fees	-	6,066	-	6,066	3,834	612	4,446	10,512
Camp expenses	-	245,112	-	245,112	-	-	-	245,112
Depreciation	-	-	36,226	36,226	4,110	-	4,110	40,336
Dues and subscriptions	1,302	4,264	509	6,075	2,559	-	2,559	8,634
Education and training	-	11,041	-	11,041	-	-	-	11,041
Employee benefits	18,992	21,499	15,483	55,974	3,540	1,555	5,095	61,069
Insurance	6,918	2,451	1,332	10,701	1,888	-	1,888	12,589
Marketing expenses	169,777	19,717	8,422	197,916	22,120	1,144	23,264	221,180
Naloxone and harm reduction supplies	6,560,041	-	-	6,560,041	-	-	-	6,560,041
Occupancy	11,492	24,356	8,401	44,249	9,482	9,482	18,964	63,213
Office expenses	15,071	39,644	5,602	60,317	7,297	409	7,706	68,023
Other expenses	-	-	10,413	10,413	-	20,357	20,357	30,770
Payroll taxes	12,082	25,435	6,359	43,876	11,445	8,266	19,711	63,587
Postage and shipping	29,613	-	-	29,613	-	-	-	29,613
Prevention training expense	-	31,280	-	31,280	-	-	-	31,280
Professional development	524	4,197	2,606	7,327	-	-	-	7,327
Professional fees	82,508	74,691	4,978	162,177	14,716	-	14,716	176,893
Program expenses	24,996	11,035	58,594	94,625	238	-	238	94,863
Salaries and wages	145,835	307,021	76,755	529,611	138,159	99,782	237,941	767,552
Subcontractors	46,068	136,226	109,470	291,764	58,352	38,902	97,254	389,018
Travel	3,866	14,161	4,539	22,566	15,364	262	15,626	38,192
	<u>\$ 7,129,085</u>	<u>\$ 986,186</u>	<u>\$ 349,689</u>	<u>\$ 8,464,960</u>	<u>\$ 293,104</u>	<u>\$ 180,771</u>	<u>\$ 473,875</u>	<u>\$ 8,938,835</u>

See Notes to Consolidated Financial Statements.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - continued

Year ended December 31, 2022

	<u>Program Services</u>				<u>Supporting Activities</u>			
	<u>Harm Reduction</u>	<u>Training & Education</u>	<u>Recovery</u>	<u>Total Program</u>	<u>General and Admin.</u>	<u>Fund- Raising</u>	<u>Total Supporting</u>	<u>Total</u>
Credit losses	\$ -	\$ 31,500	\$ -	\$ 31,500	\$ -	\$ 9,612	\$ 9,612	\$ 41,112
Bank fees	217	558	134	909	124	183	307	1,216
Camp expenses	-	-	232,901	232,901	-	-	-	232,901
Depreciation	732	732	4,390	5,854	731	731	1,462	7,316
Dues and subscriptions	-	-	-	-	10,529	-	10,529	10,529
Education and training	-	1,163	-	1,163	-	-	-	1,163
Employee benefits	3,084	7,929	1,909	12,922	1,762	2,616	4,378	17,300
Insurance	2,930	7,534	1,813	12,277	1,674	2,485	4,159	16,436
Marketing expenses	14,519	14,520	14,530	43,569	14,520	14,510	29,030	72,599
Naloxone and harm reduction supplies	6,760,746	-	-	6,760,746	-	-	-	6,760,746
Occupancy	19,180	19,179	19,180	57,539	19,066	19,180	38,246	95,785
Office expenses	13,054	12,523	4,680	30,257	7,466	7,091	14,557	44,814
Other expenses	-	-	-	-	1,598	-	1,598	1,598
Payroll taxes	3,770	9,693	2,333	15,796	2,154	3,197	5,351	21,147
Postage and shipping	31,421	-	-	31,421	1,000	1,000	2,000	33,421
Prevention training expense	-	82,138	-	82,138	-	-	-	82,138
Professional development	1,402	3,607	868	5,877	802	-	802	6,679
Professional fees	24,484	24,485	24,485	73,454	24,485	3,500	27,985	101,439
Program expenses	2,921	7,510	5,838	16,269	-	101,333	101,333	117,602
Salaries and wages	47,157	121,262	29,193	197,612	26,947	40,000	66,947	264,559
Subcontractors	95,993	143,990	79,995	319,978	75,465	27,824	103,289	423,267
Travel	5,482	14,096	3,393	22,971	3,132	4,644	7,776	30,747
	<u>\$ 7,027,092</u>	<u>\$ 502,419</u>	<u>\$ 425,642</u>	<u>\$ 7,955,153</u>	<u>\$ 191,455</u>	<u>\$ 237,906</u>	<u>\$ 429,361</u>	<u>\$ 8,384,514</u>

See Notes to Consolidated Financial Statements.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,400,122	\$ 263,790
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	40,336	7,316
Realized and unrealized (gain) loss on investments	(53,787)	727
Provision for credit losses	-	41,112
Net change in operating lease right-of-use assets / liabilities	92	233
(Increase) decrease in:		
Grants and accounts receivables	448,568	(1,447,899)
Other current assets	(406,916)	119,210
Increase (decrease) in:		
Accounts payable and accrued expenses	(536,908)	703,250
Deferred revenue	(45,463)	(356,722)
Net cash provided by (used in) operating activities	1,846,044	(668,983)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(127,715)	(710,677)
Purchase of investments	(1,095,315)	(51)
Sales of investments	132,398	-
Investment in certificates of deposit	(200,000)	(408,538)
Maturities in certificates of deposit	204,398	408,076
Net cash provided by (used in) investing activities	(1,086,234)	(711,190)
Increase (decrease) in cash and cash equivalents	759,810	(1,380,173)
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning	1,491,513	2,871,686
Ending	\$ 2,251,323	\$ 1,491,513
<u>SUPPLEMENTAL DISCLOSURES</u>		
<u>OF CASH FLOW INFORMATION</u>		
Cash paid for amounts in lease liabilities:		
Operating cash outflows-payments on operating leases	\$ 52,898	\$ 18,580
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ 16,552	\$ 87,824

See Notes to Consolidated Financial Statements.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Overdose Lifeline, Inc. and Subsidiary (the "Organization") is an Indiana non-profit dedicated to helping individuals, families, and communities affected by the disease of addiction/substance use disorder through advocacy, education and support. The Organization also operates a supportive recovery house for pregnant and parenting women ages 18+ recovering from substance use disorder.

A summary of the Organization's significant accounting policies follows:

A. Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary, Heart Rock, LLC. All significant inter-company accounts and transactions have been eliminated.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

C. Basis of Presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

D. Cash and Cash Equivalents

The Organization's cash and cash equivalents consist of checking and money market funds. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

E. Certificates of deposit

Certificates of deposit are valued based on original cost plus accrued interest.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

F. Concentration of Risks

The Organization relies on grant organizations and public support for the majority of its revenue. Accordingly, the Organization is dependent on the continuation of this support for funding current programs. In 2023 and 2022, approximately 75% and 70% of the Organization's total revenue was from one donor, respectively.

There are limited distributors of naloxone products, thereby limiting the ability of the Organization to negotiate and/or choose vendors. Purchases from one company represented approximately 96% of the Organization's total purchases of Naloxone and harm reduction supplies, or approximately 70% of total expenses, for the year ended December 31, 2023. Purchases from one company represented approximately 81% of the Organization's total purchases of Naloxone and harm reduction supplies, or approximately 66% of total expenses, for the year ended December 31, 2022.

G. Accounts Receivable

The Organization follows the allowance method for accounting for uncollectible accounts. The Organization's policy for determining when receivables are past due is on a case-by-case basis. Uncollectible accounts are reported in accordance with the policy described above when it is determined the amounts have become uncollectible. Amounts are considered uncollectible at the time management believes satisfactory payment arrangements cannot be made. Management established an allowance for credit losses of \$0 and \$41,112 for the years ended December 31, 2023 and 2022, respectively.

H. Grants Receivable

Grants receivable consists of amounts management expects to collect from grantors, and are reported at net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows (if material to the financial statements). The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the receivables are to be received. Amortization of the discounts are included in revenue. All amounts are expected to be collected, and none are considered uncollectible as of the year ended December 31, 2023 and 2022.

I. Investments

The Organization accounts for investments with readily determinable fair values in the statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific identification method. Unrealized gains and losses are included in the statement of activities.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

I. Investments - continued

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

J. Property and Equipment

Property and equipment are stated at cost. Donated property and equipment is recorded at fair value. The Organization's capitalization policy is \$1,000 for assets purchased with an estimated useful life of three years or more. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

Expenditures for property and equipment and for renewals or betterments which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying value may not be fully recoverable. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. During the years ended December 31, 2023 and 2022, there was no impairment loss recognized on long-lived assets.

K. Support and Revenue

The Organization receives support from private contributions and grants, and recognizes this support when cash or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions and grants recognized are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of any donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state 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.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

K. Support and Revenue - continued

Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Grant expenditures are subject to audit and acceptance by the granting agency, and adjustments could be required as a result of such audit. Management believes that any liability for reimbursements which may arise as a result of these audits would not be material.

Program income is recognized as income during the period in which the program is provided. Money received due to early registrations and costs incurred related to programs are deferred until the programs are completed. Such deferred income and expenses are recognizable within one year.

L. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets include program supplies, fixed assets, and other goods which are recorded at the respective fair values of the goods or services received. Professional services are valued at estimated fair value based on current rates for similar professional services.

The Organization also receives donated services from unpaid volunteers who perform a variety of tasks that support the Organization's activities. No amounts have been recognized for these services in the statement of activities since the criteria for recognition have not been satisfied.

M. Functional Expenses

Salaries and related expenses are charged to program services based on the estimated time spent by personnel on the related programs. Direct expenses are charged to the various programs based upon costs incurred when specifically identifiable with a program. All other costs are allocated to functions based on the usage of square footage within the Organization's operating facility.

N. Leases

Effective January 1, 2022, the Organization adopted the provisions of ASC Topic 842, Leases. The standard requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the standard retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842, Leases, on January 1, 2022, using the optional transition method as provided by Accounting Standards Update ("ASU") No. 2018-11, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

N. Leases - continued

The Organization elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases.

The Organization has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease, or January 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. Absent an implicit rate to determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date, or remaining term for leases existing upon the adoption of Topic 842, or uses an incremental borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

N. Leases - continued

Adoption of Topic 842 did not result in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

O. Tax Status

The Organization is exempt from federal and state income taxes on its related activities under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been made.

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 29, 2024, which is the date the financial statements were available to be issued.

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, Topic 326, Financial Instruments-Credit Losses, which was later amended with ASU 2019-11. The standard significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in Topic 326 were grants and contracts receivables. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS - continued

In February 2016, the FASB issued ASU 2016-02, Topic 842, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the balance sheet at the date of the lease commencement. Leases are classified as either finance or operating, and this distinction is relevant for the pattern of expense recognition in the statement of income. This standard was adopted for the Organization on January 1, 2022.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from the contributions of cash and other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on January 1, 2022 using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the recognition of collections.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year.

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. The table below represents financial assets available for general expenditures within one year at December 31:

Financial assets at year-end:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,251,323	\$ 1,491,513
Certificates of deposit	200,000	204,398
Grants and accounts receivables	1,234,707	1,683,275
Investments	<u>1,023,451</u>	<u>6,747</u>
Total financial assets	<u>4,709,481</u>	<u>3,385,933</u>
Less amounts not available to be used within one year:		
Long-term grants receivables	(35,000)	(87,425)
Donor-imposed restrictions	<u>(898,246)</u>	<u>(979,389)</u>
Financial assets not available to be used within one year	<u>(933,246)</u>	<u>(1,066,814)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,776,235</u>	<u>\$ 2,319,119</u>

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 63,055	\$ 63,055
Buildings and improvements	614,005	585,897
Equipment	93,043	73,200
Vehicles	79,764	-
	849,867	722,152
Less accumulated depreciation	47,789	7,453
	\$ 802,078	\$ 714,699

NOTE 5 INVESTMENTS

Investments are presented in the financial statements at fair value. Investments at December 31 are comprised of the following:

	2023		
	Net		
	Unrealized		
	<u>Cost</u>	<u>Gains</u>	<u>Fair</u>
		<u>(Losses)</u>	<u>Value</u>
Money market funds	\$ 4,563	\$ -	\$ 4,563
Fixed Income	631,397	6,325	637,722
Mutual Funds	114,110	4,765	118,875
Exchange-traded funds ("ETFs")	195,212	67,079	262,291
	\$ 945,282	\$ 78,169	\$ 1,023,451

	2022		
	Net		
	Unrealized		
	<u>Cost</u>	<u>Gains</u>	<u>Fair</u>
		<u>(Losses)</u>	<u>Value</u>
Money market funds	\$ 87	\$ -	\$ 87
Mutual Funds	6,860	(200)	6,660
	\$ 6,947	\$ (200)	\$ 6,747

Net return on investments is as follows:

	<u>2023</u>	<u>2022</u>
Investment income, net of related expenses of \$7,280 and \$0, respectively	\$ 76,227	\$ 719
Realized gain (loss)	51,553	-
Unrealized gain (loss)	2,234	(727)
	\$ 130,014	\$ (8)

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 6 FAIR VALUE MEASUREMENTS

The Organization utilizes a framework for measuring fair value. That framework provides a 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 three levels of the fair value hierarchy are described below:

- **Level 1** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- **Level 2** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- **Level 3** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

During the years ended December 31, 2023 and 2022, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds : Valued at the net asset value ("NAV") of share held at year-end.

Fixed Income : Valued at the quoted market price for similar securities, which approximates fair value.

Mutual funds : Valued at the net asset value ("NAV") of share held at year-end.

Exchange-traded funds: Valued at listing closing price of shares held at year-end.

Assets measured at fair values as of December 31 are summarized as follows:

	2023			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 4,563	\$ -	\$ 4,563	\$ -
Fixed Income	637,722	-	637,722	-
Mutual Funds:				
Equity funds	118,875	118,875	-	-
Exchange-Traded Funds:				
Equities	190,406	190,406	-	-
Foreign equities	60,310	60,310	-	-
Real estate	11,575	11,575	-	-
Total Assets	<u>\$ 1,023,451</u>	<u>\$ 381,166</u>	<u>\$ 642,285</u>	<u>\$ -</u>

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 6 FAIR VALUE MEASUREMENTS - continued

	2022			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 87	\$ -	\$ 87	\$ -
Mutual Funds:				
Equity funds	<u>6,660</u>	<u>6,660</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 6,747</u>	<u>\$ 6,660</u>	<u>\$ 87</u>	<u>\$ -</u>

NOTE 7 RELATED PARTIES

The Organization leased property, and later purchased, from one board member's company during 2022. The Organization paid this related party a total of \$678,941 in 2022. There was no related party activity in 2023.

NOTE 8 OPERATING LEASES

The Organization is obligated under two operating leases for their office space. One lease for their office space has monthly payments ranging from \$3,716 to \$3,809 through July 2024. The other operating lease has monthly payments of \$1,307 commencing in July 2023 through July 2024. The Organization also has two short-term lease agreements. One short-term lease is related to added office space and commenced in November 2022 and was through July 2023, with payments of \$644 throughout the term of the lease. The second short-term lease is also related to added office space and commenced in October 2023 and is through July 2024 with payments of \$677 throughout the term of the lease. Short-term lease payments are recognized on a straight-line basis over the lease term and are not included with lease liabilities due to their nature.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 52,991	\$ 18,813
Short-term lease cost	6,539	56,794
Variable lease cost	<u>3,683</u>	<u>20,178</u>
Total lease cost	<u>\$ 63,213</u>	<u>\$ 95,785</u>

Other lease information:

Weighted-average remaining lease term - operating leases	0.58 years	1.58 years
Weighted-average discount rate - operating leases	3.5%	2.9%

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

NOTE 8 OPERATING LEASES - continued

Maturities of operating lease liabilities as of December 31, 2023 are as follows:

	<u>Office Lease</u>
2024	\$ 35,811
Thereafter	-
	35,811
Less imputed interest	(311)
Total present value of lease liabilities	\$ 35,500

Subsequent to year-end, the Organization entered into a short-term lease agreement for additional storage space commencing in May 2024 and ending in July 2024. Additionally, the Organization extended their office space leases through December 31, 2024.

NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, contributed nonfinancial assets recognized in the statement of activities included:

	<u>2023</u>	<u>2022</u>
Naloxone and harm reduction supplies	\$ -	\$ 586,238
Other program supplies	2,941	-
Special event supplies	-	508
Donated services	-	2,000
Special event donated services	3,782	-
	\$ 6,723	\$ 588,746

NOTE 10 NET ASSETS

Net assets consist of the following:

	<u>2023</u>	<u>2022</u>
Without donor restrictions	\$ 5,114,909	\$ 2,633,644
With donor restrictions:		
Education and prevention	\$ 109,132	\$ 172,945
Harm reduction	21,310	21,310
Recovery	766,467	779,211
Scholarships	1,337	5,923
Total with donor restrictions	\$ 898,246	\$ 979,389

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Provided to Sub- Recipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Opioid STR	93.788			
Pass-Through Grantor:				
Indiana Family and Social Services Administration, Division of Mental Health and Addiction		68008 67559 80311 68012 78204	\$ - - - - -	\$ 4,517,657 3,235,307 246,600 90,735 19,750
				<u>8,110,049</u>
Community Programs to Improve Minority Health Grant Program	93.137			
Pass-Through Grantor:				
The Trustees of Indiana University		1346-01	-	<u>56,493</u>
			-	<u>8,166,542</u>
Total U.S. Department of Health and Human Services			<u>-</u>	<u>8,166,542</u>
U.S Department of the Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027			
Pass-Through Grantors:				
Indiana Family and Social Services Administration, Division of Mental Health and Addiction		66387	\$ -	14,583
Consolidated City of Indianapolis and Marion County, Indiana, by and through its Office of Public Health and Safety		N/A N/A	- -	177,441 18,541
			<u>-</u>	<u>210,565</u>
Total U.S. Department of the Treasury			<u>-</u>	<u>210,565</u>
			<u>\$ -</u>	<u>\$ 8,377,107</u>

See Notes to the Schedule of
Expenditures of Federal Awards.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying consolidated schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Overdose Lifeline, Inc. and Subsidiary (the "Organization") under programs of the federal government for the year ended December 31, 2023. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING 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. Pass-through entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Overdose Lifeline, Inc. and Subsidiary

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 (*Government Auditing Standards*), the consolidated financial statements of Overdose Lifeline, Inc. and Subsidiary (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the "financial statements"), and have issued our report thereon dated August 29, 2024.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002 and 2023-004 to be significant deficiencies.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT - continued

Report on Compliance and Other Matters

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

Organization's Response to Findings

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

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.

Pile CPAs

Indianapolis, Indiana
August 29, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Overdose Lifeline, Inc. and Subsidiary

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Overdose Lifeline, Inc. and Subsidiary (the "Organization") 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 the Organization's major federal programs for the year ended December 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Consolidated Schedule of Findings and Questioned Costs.

In our opinion, the Organization 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 December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("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 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 each 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 programs.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT - continued

Auditor's Responsibility for the Audit of Compliance - continued

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 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 the Organization'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 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 instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Consolidated Schedule of Findings and Questions Costs as items 2023-003 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT - continued

Other Matters - continued

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 Consolidated 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

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 and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Consolidated Schedule of Findings and Questioned Costs as item 2023-005 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or 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. We consider the deficiencies in internal control over compliance described in the accompanying Consolidated Schedule of Findings and Questioned Costs as item 2023-003 to be a significant deficiency.

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.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT - continued

Report on Internal Control Over Compliance - continued

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Consolidated 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.

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.

Pile CPAs

Indianapolis, Indiana
August 29, 2024

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal Control over financial reporting	
• Material weakness identified?	Yes
• Significant deficiency identified?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal Control over major programs:	
• Material weakness identified?	Yes
• Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
• Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	Yes

Identification of major programs:

<u>ALN Number</u>	<u>Name of Federal Program</u>
93.788	US Department of Health and Human Services Opioid STR

Dollar Threshold used to distinguish between type A and type B programs	\$	750,000
Auditee qualified as low-risk auditee?	No	

II. FINANCIAL STATEMENT FINDINGS

Finding 2023-001 Accounting for Prepaid Expenses

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Criteria:

According to accounting principles generally accepted in the United States of America ("GAAP"), an organization must have effective internal controls over accounting for prepaid expenses to ensure that transactions are recorded in the correct accounting period. This includes properly accounting for the timing of the receipt of prepaid supplies.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

For the year ended December 31, 2023

II. FINANCIAL STATEMENT FINDINGS - continued

Condition:

Invoices for prepaid supplies were included in accounts payable for supplies that were not received in the same period. This resulted in an overstatement of expenses related to the prepaid supplies, as the expenses were not properly matched with the periods in which the supplies were actually received and used.

Cause:

The underlying cause of the condition was a failure to account for the timing of receipt for the supplies. This indicates a deficiency in the internal controls and procedures related to the recording of prepaid expenses.

Possible or Known Effect:

The effect of this condition was an overstatement of expenses, which could potentially mislead financial statement users and impact decision-making. This could also lead to inaccurate financial reporting and potential non-compliance with federal grant requirements.

Questioned Costs:

There are no specific questioned costs identified in this finding as the overstatement impacts the accuracy of financial reporting rather than a direct disallowed cost. However, the overstatement of expenses may affect the accuracy of financial statements and compliance with grant terms.

Repeat Finding:

This finding is not a repeat finding from the prior year.

Recommendation:

It is recommended that the organization implement a corrective action plan to address the internal control deficiencies identified. This plan should focus on revising procedures to ensure that prepaid supplies are accurately recorded in the period in which they are received. Additionally, enhancing training for staff involved in accounting for prepaid expenses will help ensure proper understanding and execution of these procedures. Regular reviews and reconciliations of accounts payable and prepaid supplies records should be conducted to prevent similar issues in the future. Finally, performing periodic audits of internal controls will help ensure ongoing compliance with accounting standards and grant requirements.

Views of Responsible Officials:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the internal control deficiencies identified during the year 2023. As noted by the Independent Public Accounting Firm (Pile CPAs) significant improvements have occurred and in the first half of 2024 ODL implemented a new inventory accounting process through QuickBooks. This finding is addressed through this new accounting process. Overdose Lifeline moved from tracking inventory manually in excel spreadsheets to utilizing inventory management in Quickbooks Online (QBO).

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

For the year ended December 31, 2023

II. FINANCIAL STATEMENT FINDINGS - continued

The process is:

- Receipts: Once inventory is physically received, a QBO bill is entered identifying the quantity and cost of the items.
- Shipments: Shipments are reflected on a weekly basis identifying the items and quantity shipped per item on a zero-dollar invoice.

QBO utilizes FIFO (First In/First Out) methodology for inventory valuation. The physical inventory is reconciled to the QBO inventory counts monthly. Additionally the Grants and Finance Manager, Executive Team and other key personnel will conduct periodic audits of internal controls.

Finding 2023-002 Schedule of Expenditures of Federal Awards Preparation

Type of Finding:

Significant Deficiency over Financial Reporting.

Criteria:

Federal regulations and GAAP require the preparation of a comprehensive and accurate Schedule of Expenditures of Federal Awards ("SEFA"), which includes transparent disclosure of federal funds expended, including the source of funds, program titles, award numbers, and expenditure amounts.

Condition:

This year's audit revealed significant improvements in the Organization's SEFA preparation. The SEFA now more accurately reflects federal awards received and expended, and there have been enhancements in documenting award numbers, funding sources, and program titles. However, some inaccuracies and omissions persist, impacting the completeness and reliability of the SEFA.

Cause:

Ongoing gaps in the skills, knowledge, and experience of personnel responsible for SEFA preparation and reporting contribute to the persistence of some inaccuracies. Continued deficiencies in training and procedural adherence are factors in these issues.

Possible or Known Effect:

While improvements have mitigated the risk of misrepresentation, the remaining discrepancies could still lead to misinterpretation of federal funds received and expended. This could affect the Organization's compliance with federal reporting requirements and potentially impact eligibility for future federal funding.

Questioned Costs:

There were no questioned costs identified.

Repeat Finding:

This finding is a repeat from the prior year. The previous finding number was 2022-002.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

For the year ended December 31, 2023

II. FINANCIAL STATEMENT FINDINGS - continued

Recommendation:

Management should continue to build on recent improvements by further refining SEFA preparation processes. Enhanced controls should be implemented to ensure complete and accurate recording of federal awards and expenditures. Ongoing training for financial reporting personnel should be sustained, addressing remaining knowledge gaps and procedural issues. Documented procedures should be reviewed and updated regularly to ensure adherence to best practices and continuous improvement in SEFA preparation.

Views of Responsible Officials:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the need to further refine the SEFA preparation process. This will be accomplished through the completion of a formal course that covers performing a single audit and consultation with the Independent Public Accounting Firm (Pile CPAs).

Finding 2023-004 Accounting for Revenues and Accrued Receivables

Type of Finding:

Significant Deficiency in Internal Control over Financial Reporting

Criteria:

According to Generally Accepted Accounting Principles (GAAP), revenues must be recorded in the period in which they are earned, even if the claims or payments are received in a subsequent period.

Condition:

Revenues earned during the fiscal year but claimed in the following fiscal year were inconsistently accrued as receivables. Specifically, revenues related to reimbursement-based grants were not recognized, despite expenses being recorded, and revenues were excluded even though costs of goods sold were included.

Cause:

The deficiency stemmed from inadequate internal controls and procedures for accruing revenues and receivables, reflecting a failure to adhere to proper revenue recognition practices.

Possible or Known Effect:

While the adjustments required were not material, they were significant and warrant the attention of those charged with governance. Improper accrual of revenues could mislead financial statement users and impact financial decision-making.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

For the year ended December 31, 2023

II. FINANCIAL STATEMENT FINDINGS - continued

Questioned Costs:

There are no specific questioned costs identified in this finding. The issue pertains to revenue recognition practices rather than direct disallowed costs.

Repeat Finding:

This finding is not a repeat finding from the prior year.

Recommendation:

It is recommended that the organization improve its internal controls and procedures for accruing revenues. This should involve refining procedures for recognizing revenues from reimbursement-based grants and sales of supplies, enhancing staff training on GAAP revenue recognition, and regularly reviewing and reconciling accrued revenues and receivables to ensure they are recorded in the correct period. Significant discrepancies should be reviewed by those charged with governance to ensure timely resolution.

Views of Responsible Officials:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the need to further refine the internal controls and procedures for accruing revenues. This will be accomplished through the completion of a formal course that covers performing a single audit and consultation with the Independent Public Accounting Firm (Pile CPAs) Additionally staff will regularly meet with the independent bookkeeper to review and reconcile accrued revenues and receivables.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 2023-003 Expenditure of Funds Outside Contract Period

Type of Finding:

Noncompliance and Significant Deficiency in Internal Control over Compliance.

Criteria:

Federal regulations and grant guidelines require expenditures to align with the grant's period of performance. Organizations must obtain prior authorization from the pass-through entity for any expenditures claimed against the grant before the official grant start date. Proper internal controls should include mechanisms to ensure compliance with grant periods and approval processes for any deviations.

Condition:

Testing revealed that the Organization claimed expenditures against the grant that occurred before the official grant period. Although these expenditures were made outside the period of performance, they were submitted for reimbursement without securing prior authorization from the pass-through entity.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

For the year ended December 31, 2023

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - continued

Cause:

The Organization's internal controls for managing grant expenditures did not sufficiently address the need for pre-authorization of expenditures incurred before the grant period. Additionally, there was a lack of effective monitoring to ensure compliance with grant start dates and required approvals.

Possible or Known Effect:

Claiming expenditures prior to the grant period without prior authorization could result in improper use of grant funds. This practice may impact the organization's ability to meet grant objectives and cause misalignment between actual expenditures and grant reporting.

Questioned Costs:

Known questioned costs total \$6,286.

Repeat Finding:

This finding is a repeat from the prior year. The previous finding number was 2022-003.

Recommendation:

We recommend that the Organization enhance its internal controls to ensure compliance with grant periods by implementing a process to obtain prior authorization from the pass-through entity for any expenditures made before the official grant start date. Additionally, the Organization should strengthen monitoring mechanisms to prevent similar issues in the future.

Views of Responsible Officials:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the need to enhance internal controls and mechanisms to ensure purchase do not occur outside grant periods.

Finding 2023-005 Misallocation of Grant Funds

Type of Finding:

Noncompliance and Material Weakness in Internal Control over Compliance.

Criteria:

The Uniform Guidance establishes criteria for allowable costs and the proper use of federal funds. According to Uniform Guidance, costs must be necessary and reasonable for the performance of the federal award and allocated correctly. Additionally, costs must be charged to the federal award based on the benefits received.

Condition:

The Organization claimed purchases under a reimbursement-based federal grant but then used these supplies for a different grant. This improper use of grant-funded supplies is a violation of the grant's terms and conditions.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

For the year ended December 31, 2023

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS - continued

Cause:

The root cause of the noncompliance is the Organization's failure to implement effective internal controls to ensure proper communication between departments. While the Organization was aware of the grant terms prohibiting such actions, the lack of controls and processes to coordinate the use of grant-funded supplies resulted in their misallocation.

Possible or Known Effect:

The misuse of resources risks undermining the programmatic impact intended by the grant. By not using the supplies as specified in the grant agreement, the Organization may fail to achieve the grant's objectives and intended outcomes, ultimately diminishing the effectiveness of the funded program.

Questioned Costs:

The total questioned costs amount to \$85,178, reflecting the value of supplies used improperly.

Repeat Finding:

This finding is not a repeat finding from the prior year.

Recommendation:

To address the identified issue, it is crucial the Organization implement and enhance internal controls and communication processes between departments to ensure compliance with grant requirements. The Organization should implement enhancements in the tracking of supplies by grant. Additionally, the Organization should establish effective oversight mechanisms and provide training to staff on proper grant management practices. A review and revision of grant management policies are necessary to prevent similar issues in the future.

Views of Responsible Officials:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the need to further significantly improve on the oversight and reconciliation of supply ordering and inventory. This is already underway with the QB inventory process described previously and an improved process for backup documentation. Additionally key staff will complete of a formal course that covers performing a single audit and engage in consultation with the Independent Public Accounting Firm (Pile CPAs).



OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended December 31, 2023

Finding 2022-001 Financial Close Process

Type of Finding:

Material Weakness in Internal Control over Financial Reporting

Condition and Context:

The auditors noted a lack of a strong financial close process which led to several material audit adjustments that were proposed during the audit and recorded by the client to properly reflect various financial statement accounts.

Status of Audit Finding:

The Organization has implemented controls to address this area.

Finding 2022-002 Schedule of Expenditures of Federal Awards Preparation

Type of Finding:

Material Weakness over Financial Reporting.

Condition and Context:

During the audit, it was identified that the Organization encountered deficiencies in preparing an accurate and complete Schedule of Expenditures of Federal Awards (“SEFA”). The SEFA is a critical component of the organization's reporting process, as it provides a summary of federal funds expended and aids in assessing compliance with federal regulations. The Organization's failure to ensure the accuracy and completeness of the SEFA indicates shortcomings in its reporting practices. It was observed that the SEFA presented inaccuracies and omissions, compromising the completeness and reliability of reported information. The SEFA did not accurately reflect all federal awards received and expended during the audit period, and relevant details such as award numbers, funding sources, and program titles were either missing or misstated. These deficiencies reflect a lack of adherence to reporting requirements.

Status of Audit Finding:

While improved, there were similar issues noted during the current year. See finding noted at 2023-002.



1100 W 42nd Street, Suite 385
Indianapolis, IN 46208

[w overdoselifeline.org](http://www.overdoselifeline.org) [p 844.554.3354](tel:844.554.3354) [ig overdoselifeline](https://www.instagram.com/overdoselifeline) [tw overdoselifelin](https://www.twitter.com/overdoselifelin) [fb overdoselifeline](https://www.facebook.com/overdoselifeline)

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - continued

For the year ended December 31, 2023

Finding 2022-003 Expenditure of Funds Outside Contract Period

Type of Finding:

Noncompliance and Material Weakness in Internal Control over Compliance.

Condition and Context:

In the course of testing direct disbursements for adherence to appropriate cutoffs concerning the contract's period of performance, it was discovered that the Organization incurred a substantial amount of expenditures on contracts prior to the official contract start date. These disbursements took place without acquiring proper authorization for making disbursements prior to the contract's commencement. Despite the unique nature of Naloxone inventory being treated as a prepaid asset due to its delayed usage, the majority, if not all, of the Naloxone units were fully expended before the contract officially commenced.

Status of Audit Finding:

While improved, there were similar issues noted during the current year. See finding noted at 2023-003.

Finding 2022-004 Failure to Establish Documented Procurement Policy

Type of Finding:

Material Weakness in Internal Control over Procurement.

Condition and Context:

The Organization failed to have a formal, documented procurement policy. There was no written policy in place that detailed the steps to be followed for procurement processes, including requirements for soliciting bids or proposals, evaluating vendor qualifications, selecting vendors, and ensuring compliance with relevant laws and regulations. A comprehensive procurement policy is a crucial internal control mechanism that governs the acquisition of goods and services. This deficiency indicates a gap in the organization's internal controls and compliance framework, potentially leading to increased risks related to procurement activities.

Status of Audit Finding:

The Organization has implemented controls to address this area.

OVERDOSE LIFELINE, INC. AND SUBSIDIARY

CONSOLIDATED SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - continued

For the year ended December 31, 2023

Finding 2022-005 Internal Control Over Debarment

Type of Finding:

Material Weakness in Internal Control over Compliance.

Condition and Context:

An effective internal control system was not in place at the Organization to ensure compliance with requirements related to reviewing the debarment and suspension status of qualifying vendors before issuing federal funds.

Status of Audit Finding:

The Organization has implemented controls to address this area.

Finding 2022-006 Report Preparation and Submission

Type of Finding:

Noncompliance and Material Weakness in Internal Control over Compliance.

Condition and Context:

It was discovered that the Organization demonstrated deficiencies in reporting accuracy and completeness, as well as a failure to comply with state law by not filing a required annual report. Upon review of the Organization's reporting practices, it was observed that three out of the five reports selected for testing contained discrepancies, inaccuracies, or incomplete reporting metrics. These discrepancies raise concerns about the reliability of the Organization's reported data, which can impact decision-making, program effectiveness, and the organization's ability to fulfill its fiduciary responsibilities. Furthermore, the Organization failed to file the mandatory annual report as required by Indiana Code 5-11-1-4, further indicating a deficiency in compliance with local regulations.

Status of Audit Finding:

The Organization has implemented controls to address this area.



OverdoseLifeline

Corrective Action Plan Year Ended December 31, 2023

August 29, 2024

Overdose Lifeline, Inc. and Subsidiary (the "Organization") respectfully submits the following corrective action plan ("CAP") for the year ended December 31, 2023.

Independent Public Accounting Firm

Pile CPAs

One Indiana Square, Suite 1200

Indianapolis, IN 46204

Audit Period

Year ended December 31, 2023

The findings from the December 31, 2023 consolidated schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2023-01 Accounting for Prepaid Expenses

Condition: Invoices for prepaid supplies were included in accounts payable for supplies that were not received in the same period. This resulted in an overstatement of expenses related to the prepaid supplies, as the expenses were not properly matched with the periods in which the supplies were actually received and used.

Corrective Actions Taken or Planned: The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the internal control deficiencies identified during the year 2023. As noted by the Independent Public Accounting Firm (Pile CPAs) significant improvements have occurred and in the first half of 2024 ODL implemented a new inventory accounting process through QuickBooks. This finding is addressed through this new accounting process. Overdose Lifeline moved from tracking inventory manually in excel spreadsheets to utilizing inventory management in Quickbooks Online (QBO). The process is:

- Receipts: Once inventory is physically received, a QBO bill is entered identifying the quantity and cost of the items.



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OverdoseLifeline

- Shipments: Shipments are reflected on a weekly basis identifying the items and quantity shipped per item on a zero-dollar invoice.

QBO utilizes FIFO (First In/First Out) methodology for inventory valuation. The physical inventory is reconciled to the QBO inventory counts monthly.

Additionally, the Grants and Finance Manager, Executive Team and other key personnel will conduct periodic audits of internal controls.

Finding 2023-02 Schedule of Expenditures of Federal Awards Presentation

Condition: This year's audit revealed significant improvements in the Organization's SEFA preparation. The SEFA now more accurately reflects federal awards received and expended, and there have been enhancements in documenting award numbers, funding sources, and program titles. However, some inaccuracies and omissions persist, impacting the completeness and reliability of the SEFA.

Corrective Actions Taken or Planned:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the need to further refine the SEFA preparation process. This will be accomplished through the completion of a formal course that covers performing a single audit and consultation with the Independent Public Accounting Firm (Pile CPAs)

Finding 2023-03 Expenditure of Funds Outside Contract Period

Condition: Testing revealed that the Organization claimed expenditures against the grant that occurred before the official grant period. Although these expenditures were made outside the period of performance, they were submitted for reimbursement without securing prior authorization from the pass-through entity.

Corrective Actions Taken or Planned:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the need to enhance internal controls and mechanisms to ensure purchase do not occur outside grant periods.



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Indianapolis, IN 46208



OverdoseLifeline

Finding 2023-04 Accounting for Revenues and Accrued Receivables

Condition: Revenues earned during the fiscal year but claimed in the following fiscal year were inconsistently accrued as receivables. Specifically, revenues related to reimbursement-based grants were not recognized, despite expenses being recorded, and revenues were excluded even though costs of goods sold were included.

Corrective Actions Taken or Planned:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the need to further refine the internal controls and procedures for accruing revenues. This will be accomplished through the completion of a formal course that covers performing a single audit and consultation with the Independent Public Accounting Firm (Pile CPAs) Additionally staff will regularly meet with the independent bookkeeper to review and reconcile accrued revenues and receivables.

Finding 2022-05 Misallocation of Grant Funds

Condition: The Organization claimed purchases under a reimbursement-based federal grant but then used these supplies for a different grant. This improper use of grant-funded supplies is a violation of the grant's terms and conditions.

Corrective Actions Taken or Planned:

The Organizations' Board and Executive Team consisting of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and key Overdose Lifeline (ODL) Staff to include the independent bookkeeper and Grant and Finance Manager recognize the need to further significantly improve on the oversight and reconciliation of supply ordering and inventory. This is already underway with the QB inventory process described previously and an improved process for backup documentation. Additionally key staff will complete of a formal course that covers performing a single audit and engage in consultation with the Independent Public Accounting Firm (Pile CPAs)

If there are any questions regarding this plan, please call the undersigned at (844) 554-3354.

Sincerely,

Justin Phillips
Justin Phillips
CEO & Founder



1100 W 42nd Street, Suite 385
Indianapolis, IN 46208