

AUDITED COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

June 30, 2011

AUDITED COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

June 30, 2011

Independent Auditors' Report 1

Financial Statements:

- Combined Statement of Financial Position 3
- Combined Statement of Activities 4
- Combined Statement of Functional Expenses 5
- Combined Statement of Cash Flows 9
- Notes to Combined Financial Statements 10

Supplemental Information:

- Combined Schedule of Expenditures of Federal Awards
and State Financial Assistance 21
- Schedule of State Earnings 25
- Schedule of Related Party Transaction Adjustments 26
- Schedule of Bed-Day Availability Payments 27
- Program/Cost Center Actual Revenues and Expenses Schedule:
 - Part I: Actual Funding Sources and Revenues 28
 - Part II: Actual Expenses 32

Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*..... 36

Independent Auditors' Report On Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major
Federal Program and State Project and on Internal Control
Over Compliance In Accordance With OMB Circular A-133
and Chapter 10.650, *Rules of the Auditor General* 38

Schedule of Findings and Questioned Costs –
Federal Programs and State Projects..... 40

R.A. SIMASEK, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
601 NORTH FERNCREEK AVENUE, SUITE 110
ORLANDO, FLORIDA 32803
TELEPHONE (407) 894-5050
FAX (407) 894-5019

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Center For Drug Free Living, Inc.
and Affiliated Entities
Orlando, Florida

We have audited the accompanying combined statement of financial position of The Center For Drug Free Living, Inc. and its affiliated organizations, T.D. Associates, Inc. and Central Florida Foundation for a Drug-Free Community, Inc., ("Organizations"), as of June 30, 2011, and the related combined statements of activities, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit.

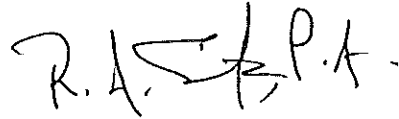
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of June 30, 2011, and the combined changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011, on our consideration of the Organizations' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Directors
The Center For Drug Free Living, Inc.
and Affiliated Entities
Page Two

Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements. The accompanying combined schedule of expenditures of federal awards and state financial assistance, which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act, and the accompanying schedule of state earnings, schedule of related party transaction adjustments, schedule of bed-day availability payments, and program/cost center actual revenues and expenses schedule, which are also presented for the purpose of additional analysis, are not required parts of the basic combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 basic combined financial statements as a whole.

A handwritten signature in black ink, appearing to read "R. A. S. P. A." with a stylized flourish at the end.

Orlando, Florida
December 19, 2011

COMBINED STATEMENT OF FINANCIAL POSITION

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

June 30, 2011

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,277,063
Short-term investments designations -	
For Medicaid reserve	150,000
For other specific reserves	125,000
	<u>275,000</u>
Contracts and grants receivable	4,319,330
Other receivables	478,028
Prepaid expenses	199,535
Total current assets	<u>6,548,956</u>
Assets limited as to use	
Capital Reserve Account investments	280,638
Other investments	3,330,000
	<u>3,610,638</u>
Fixed assets - net of accumulated depreciation	15,087,443
Deposits	<u>47,562</u>
Total assets	<u>\$ 25,294,599</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Demand note payable to bank	\$ 100
Accounts payable	467,168
Accrued expenses and other liabilities	1,612,940
Deferred revenue	508,307
Liability for estimated Medicaid reserve	150,000
Total current liabilities	<u>2,738,515</u>
Long-term liabilities	
Unsecured note payable	24,726
Mortgage notes payable	2,504,199
Capital advances payable	1,758,815
	<u>4,287,740</u>
Total liabilities	<u>7,026,255</u>
Net assets	
Unrestricted	17,978,509
Temporarily restricted	289,835
Total net assets	<u>18,268,344</u>
Total liabilities and net assets	<u>\$ 25,294,599</u>

See accompanying notes to combined financial statements.

COMBINED STATEMENT OF ACTIVITIES

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Florida Department of Children and Families - SAMH	\$ 9,157,073	\$ -	\$ 9,157,073
Florida Department of Juvenile Justice	6,006,383	-	6,006,383
Orange County	5,275,828	-	5,275,828
Third party reimbursements	2,407,544	-	2,407,544
Contribution from Home - Note P	1,515,786	-	1,515,786
City of Orlando	1,069,520	-	1,069,520
Homeless Services Network of Central Florida, Inc.	912,904	-	912,904
Client fees	855,409	-	855,409
Florida Department of Children and Families - other	590,000	-	590,000
Food stamp revenue	365,518	-	365,518
Donations	317,404	39,835	357,239
Department of Health and Human Services	309,068	-	309,068
Department of Veterans Affairs	299,359	-	299,359
University of Miami	269,999	-	269,999
Florida Department of Education	255,787	-	255,787
Other revenue	225,636	-	225,636
Grand Avenue Economic Community Development Corp.	190,536	-	190,536
United Way	146,818	-	146,818
In-kind support	143,112	-	143,112
Orange County School Board	81,801	-	81,801
Investments	54,365	-	54,365
Fundraising (net of related costs of \$23,168)	48,716	-	48,716
Osceola County Drug Court	42,842	-	42,842
Net assets released from time and/or purpose restrictions	111,831	(111,831)	-
	<u>30,653,239</u>	<u>(71,996)</u>	<u>30,581,243</u>
Expenses:			
Program services:			
Residential Level II	10,493,824	-	10,493,824
Medical Services	134,550	-	134,550
Residential Level III	315,182	-	315,182
Residential Level IV	246,682	-	246,682
Prevention	2,934,641	-	2,934,641
Intervention	1,404,408	-	1,404,408
Marchman Detox	2,719,354	-	2,719,354
Outpatient	2,150,809	-	2,150,809
Assessment	66,573	-	66,573
Aftercare	26,040	-	26,040
Outreach	357,227	-	357,227
Crisis Support / Emergency	300,637	-	300,637
Incidental Expenses	2,595	-	2,595
InHome-OnSite	81,009	-	81,009
Methadone Maintenance	440,355	-	440,355
Non SAMH Services	2,559,658	-	2,559,658
	<u>24,233,544</u>	<u>-</u>	<u>24,233,544</u>
Supporting services:			
Other support	1,736,528	-	1,736,528
Administrative	3,075,991	-	3,075,991
	<u>4,812,519</u>	<u>-</u>	<u>4,812,519</u>
Total expenses	<u>29,046,063</u>	<u>-</u>	<u>29,046,063</u>
Change in net assets	1,607,176	(71,996)	1,535,180
Net assets at beginning of year	<u>16,371,333</u>	<u>361,831</u>	<u>16,733,164</u>
Net assets at end of year	<u>\$ 17,978,509</u>	<u>\$ 289,835</u>	<u>\$ 18,268,344</u>

See accompanying notes to combined financial statements.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

Year Ended June 30, 2011

	Program			
	Residential Level II	Medical Services	Residential Level III	Residential Level IV
Direct expenses:				
Personnel expenses:				
Salaries	\$ 5,944,242	\$ 76,352	\$ 179,251	\$ 73,213
Fringe benefits	1,506,809	5,818	41,634	23,557
Total personnel expenses	7,451,051	82,170	220,885	96,770
Operating expenses:				
Building occupancy	1,024,741	2,646	62,112	71,435
Professional services	313,589	46,715	-	-
Travel	49,808	293	33	70
Equipment costs	183,498	418	4,043	2,098
Food service	532,770	-	7,198	61,712
Medical and pharmacy	106,758	-	3,064	1,215
Subcontracted services	-	-	-	-
Insurance	132,463	1,804	10,457	7,573
Operating supplies and expenses	556,034	504	7,390	5,809
Donated items	143,112	-	-	-
Total operating expenses	3,042,773	52,380	94,297	149,912
Total direct expenses	10,493,824	134,550	315,182	246,682
Indirect expenses:				
Administrative	1,350,180	16,225	39,349	32,202
Other support	678,340	5,939	19,488	16,419
Total indirect expenses	2,028,520	22,164	58,837	48,621
Total expenses	\$ 12,522,344	\$ 156,714	\$ 374,019	\$ 295,303

See accompanying notes to combined financial statements.

Services

Prevention	Intervention	Marchman Detox	Outpatient	Assessment	Aftercare	Outreach
\$ 2,037,455	\$ 658,933	\$ 1,663,666	\$ 1,332,882	\$ 36,518	\$ 16,604	\$ 85,761
531,821	174,891	313,020	322,156	10,125	3,711	23,612
2,569,276	833,824	1,976,686	1,655,038	46,643	20,315	109,373
81,969	38,647	180,348	202,003	14,072	4,426	146,945
17,641	2,720	100,908	27,027	-	-	-
40,792	29,523	5,684	20,628	4	35	736
25,162	7,622	15,781	30,208	2,227	199	209
18,895	992	201,985	3,555	-	-	76,851
346	77,197	104,642	45,812	-	-	-
-	-	-	-	-	-	15,000
20,462	8,599	7,853	17,554	318	284	4,484
160,098	405,284	125,467	148,984	3,309	781	3,629
-	-	-	-	-	-	-
365,365	570,584	742,668	495,771	19,930	5,725	247,854
2,934,641	1,404,408	2,719,354	2,150,809	66,573	26,040	357,227
368,170	176,760	342,132	272,342	8,945	3,242	38,031
182,300	88,283	164,711	136,905	4,486	1,586	576
550,470	265,043	506,843	409,247	13,431	4,828	38,607
\$ 3,485,111	\$ 1,669,451	\$ 3,226,197	\$ 2,560,056	\$ 80,004	\$ 30,868	\$ 395,834

Continued on next page

COMBINED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

Year Ended June 30, 2011

	Program			
	Crisis Support/ Emergency	Incidental Expenses	InHome - OnSite	Methadone Maintenance
Direct expenses:				
Personnel expenses:				
Salaries	\$ 227,698	\$ -	\$ 58,070	\$ 251,726
Fringe benefits	71,564	-	13,943	47,133
Total personnel expenses	299,262	-	72,013	298,859
Operating expenses:				
Building occupancy	-	2,420	3,733	32,144
Professional services	-	-	-	13,500
Travel	-	-	2,041	2,901
Equipment costs	-	-	509	17,213
Food service	-	-	-	-
Medical and pharmacy	-	-	-	51,096
Subcontracted services	-	-	-	-
Insurance	1,035	-	334	2,111
Operating supplies and expenses	340	175	2,379	22,531
Donated items	-	-	-	-
Total operating expenses	1,375	2,595	8,996	141,496
Total direct expenses	300,637	2,595	81,009	440,355
Indirect expenses:				
Administrative	37,595	275	10,335	56,396
Other support	18,810	-	5,013	27,770
Total indirect expenses	56,405	275	15,348	84,166
Total expenses	\$ 357,042	\$ 2,870	\$ 96,357	\$ 524,521

Services		Supporting Services			Grand Total
Non SAMH Services	Total	Other Support	Administrative	Total	
\$ 1,302,398	\$ 13,944,769	\$ 453,721	\$ 1,696,120	\$ 2,149,841	\$ 16,094,610
311,372	3,401,166	109,711	412,791	522,502	3,923,668
<u>1,613,770</u>	<u>17,345,935</u>	<u>563,432</u>	<u>2,108,911</u>	<u>2,672,343</u>	<u>20,018,278</u>
213,546	2,081,187	144,847	190,079	334,926	2,416,113
16,305	538,405	223,506	250,104	473,610	1,012,015
18,775	171,323	10,676	11,059	21,735	193,058
131,588	420,775	99,203	49,180	148,383	569,158
284,505	1,188,463	2,758	16,266	19,024	1,207,487
69,071	459,201	101	-	101	459,302
136,747	151,747	-	-	-	151,747
27,577	242,908	51,042	188,062	239,104	482,012
47,774	1,490,488	640,963	262,330	903,293	2,393,781
-	143,112	-	-	-	143,112
<u>945,888</u>	<u>6,887,609</u>	<u>1,173,096</u>	<u>967,080</u>	<u>2,140,176</u>	<u>9,027,785</u>
2,559,658	24,233,544	1,736,528	3,075,991	4,812,519	29,046,063
323,812	3,075,991		(3,075,991)	(3,075,991)	-
159,265	1,509,891	(1,509,891)		(1,509,891)	-
<u>483,077</u>	<u>4,585,882</u>	<u>(1,509,891)</u>	<u>(3,075,991)</u>	<u>(4,585,882)</u>	<u>-</u>
<u>\$ 3,042,735</u>	<u>\$ 28,819,426</u>	<u>\$ 226,637</u>	<u>\$ -</u>	<u>\$ 226,637</u>	<u>\$ 29,046,063</u>

COMBINED STATEMENT OF CASH FLOWS

THE CENTER FOR DRUG FREE LIVING, INC. AND AFFILIATED ENTITIES

Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 1,535,180
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	777,544
Noncash contribution from Home - Note P	(1,515,786)
Change in operating assets:	
Decrease in other specific reserves - net	55,863
(Increase) in receivables	(1,218,890)
Decrease in unconditional promise to give	99,030
(Increase) in prepaid expenses	(67,972)
(Increase) in deposits	(499)
Change in operating liabilities:	
Increase in accounts payable, accrued expenses and other liabilities	506,341
Increase in deferred revenue	147,574
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>318,385</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of fixed assets	(1,954,673)
Net (increase) in investments	(585)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(1,955,258)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Decrease in mortgage payable	(50,940)
Increase in capital advances payable	805,056
Decrease in unsecured notes payable	(80,164)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>673,952</u>

NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(962,921)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,239,984</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,277,063</u>

Note: a noncash investing and financing activity occurred when a transaction involved the assumption of long term debt of \$702,321 and a noncash contribution of \$1,515,786 (a total of \$2,218,107) in exchange for fixed asset additions.

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

THE CENTER FOR DRUG FREE LIVING, INC. AND AFFILIATED ENTITIES

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Reporting Entities

The accompanying financial statements include the accounts of The Center For Drug Free Living, Inc., T.D. Associates, Inc., and Central Florida Foundation for a Drug-Free Community, Inc., (“Organizations”), on a combined basis. All significant accounts and transactions between the entities have been eliminated in combination.

As a non-stock, not-for-profit corporate entity in the Central Florida area, The Center For Drug Free Living, Inc., (“Center”), operates comprehensive substance abuse rehabilitation and prevention programs and related research programs. T.D. Associates, Inc. is a non-stock, not-for-profit corporate entity in the Central Florida area that was formed primarily for the purpose of acquiring property and leasing to, and generally supporting the Center. Central Florida Foundation for a Drug-Free Community, Inc. (“Foundation”) was formed to promote and advance the interests of the Center by engaging in grants acquisition and other fundraising activities on behalf of the Center. Operations of the entities are directed by separate voluntary boards who receive no compensation for their services.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB *Accounting Standards Codification* (“ASC”) 958, *Not-For-Profit Entities*. Under ASC 958, the Organizations are required to report information regarding their financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met by actions of the Organizations and/or the passage of time. Temporarily restricted net assets at June 30, 2011 are composed of \$289,835 available to fund designated programs in the near future.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations. There were no permanently restricted net assets as of June 30, 2011.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC. AND AFFILIATED ENTITIES

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION - CONTINUED

Assets Limited as to Use

The assets limited as to use investments balance at June 30, 2011 (\$3,610,638) is carried at fair value and is invested primarily in debt securities (see Note E).

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

The Organizations report contributions as restricted support if they are received with donor stipulations that limit the use of the contribution. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

Donated services that create or enhance nonfinancial assets, or require specialized skills, and which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, and donated rent (see Note B), are recorded at their fair value in the period provided.

Estimates

The preparation of financial statements 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Receivables

Receivables are stated at the amount management expects to realize from outstanding balances. Management provides such amounts through adjustments based upon their assessment of the current status (i.e. terms) of individual receivables from grants and contracts. Accordingly, management considers all receivables to be collectible; therefore, there is no allowance for doubtful accounts at June 30, 2011.

Other

Fund raising is primarily conducted through the Foundation. Management estimates total fundraising costs for the year were \$197,972.

The functional allocation of expenses not directly attributable to a specific function is allocated to each function based upon the percentage of the total direct expenses of each function to the total of all direct expenses. Functional expenses are allocated between programs on the basis of specific identification, where possible, and management's best estimates.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

NOTE B – DONATED RENT

Donated rent (valued at \$143,112), which is necessary to support a certain program, is recorded in the financial statements as unrestricted support with a like amount included as expense. Such support and expense is valued at the estimated fair value of the donation at the date of receipt.

NOTE C – PROPERTY/DEPRECIATION

Fixed assets, having a useful life in excess of a year, are stated at cost, if purchased, or at fair value at the date of receipt, if acquired by gift. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method and using estimated lives ranging from 3-40 years.

Costs (or fair value when donated) of the various categories of fixed assets are as follows:

Land and land improvements	\$ 3,563,860
Building and building improvements	13,997,069
Furniture, equipment and vehicles	2,602,586
Construction in progress - see Note N	801,631
	<u>20,965,146</u>
Less accumulated depreciation	<u>(5,877,703)</u>
	<u>\$ 15,087,443</u>

NOTE D – IMPAIRMENT OF LONG-LIVED ASSETS

The Organizations review their property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended June 30, 2011.

NOTE E – INVESTMENTS

The Organizations' investments are composed of money market accounts and certificates of deposit, and debt securities maintained by an investment custodian.

Such investments are stated at fair value and consist of the following at June 30, 2011:

	<u>Cost</u>	<u>Fair Value</u>
Money market accounts	\$ 361,759	\$ 361,759
Certificates of deposit	1,178,879	1,178,879
Debt securities	<u>2,070,000</u>	<u>2,070,000</u>
	<u>\$ 3,610,638</u>	<u>\$ 3,610,638</u>

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

NOTE E -- INVESTMENTS - CONTINUED

Fair value reporting establishes a framework for measuring fair value, and expands disclosure about fair value. Investments, which are recorded at fair value in the statement of financial position, are categorized based upon the level of judgment associated with the inputs used to measure fair value; the reported fair value approximates cost because of the short maturity of those financial instruments. Accordingly, the Organizations measure the fair value of their investments at Level I.

Level inputs, as defined by fair value measurements, are as follows:

Level Input	Input Definition
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Income in the amount of \$54,365 from investments, cash and cash equivalents, and cash and short-term investments designations, was derived from interest and dividends. There was no unrealized gain or loss on investments for the year ended June 30, 2011.

The Center's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment account balance.

NOTE F -- LEASES/RELATED PARTY TRANSACTIONS

The Center has constructed a building being used as an adult residential facility for clients. The facility is located on land being leased by the Center from Orange County, Florida, at a nominal cost of \$10 per annum (see Note B). The purpose of the lease is to provide program space for the functions of the Center; accordingly, the Center is responsible for all maintenance, repairs, and upkeep of the leased premises. The current land lease term is for a period of 20 years from April 1, 2002.

In addition, the Center leases facilities and equipment under various operating leases (with renewal options) with lease terms that expire at various dates through the year ended June 30, 2015. The above referenced leases of the Center required monthly cash payments of \$102,266 (\$67,549 to T.D. Associates, Inc.) at June 30, 2011.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

NOTE F – LEASES/RELATED PARTY TRANSACTIONS – CONTINUED

The Organization's minimum rental commitments under the above referenced operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amounts Due</u>
2012	\$ 370,705
2013	101,756
2014	79,864
2015	79,864
2016	10
	<u>\$ 632,199</u>

The Organization's total rent expense for the year ended June 30, 2011 was approximately \$555,000.

NOTE G – CONTINGENCIES

By terms of the Center's grants, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand a refund for the appropriate amount. Management of the Center does not anticipate any material refunds will have to be made for grants terminated or in process as of June 30, 2011.

The Center also has a potential liability to reimburse funding agencies for property charged against certain grants as a reimbursable expenditure. The measurable value of the potential liability is not readily determinable. However, in management's opinion, the probability of a reimbursement request of significance is considered unlikely. During the year ended June 30, 2011, \$5,345 of such reimbursed expenditures were incurred and charged to operations as grant expenditures. Approximately \$481,990 (at cost) of such property charged to grants to date is currently used in the Center's operations.

The Center's third party reimbursements revenue consists primarily of Medicaid fees for services rendered to eligible clients not to exceed a maximum established amount. The Center's records as regards the performance of these services are subject to review and audit. Accordingly, management has established a provision for estimated payment adjustments that may be due to the Medicaid program predicated upon the historical experience of the audits of such activity to date and management's evaluation and analysis of the unaudited Medicaid activity as of June 30, 2011.

The Center is self-insured for state unemployment compensation costs and recognizes and pays such costs, if, and when incurred.

In the normal course of the Center's ongoing operations, the Center is periodically involved in various legal and regulatory matters. Related thereto, as of June 30, 2011, there was no pending or threatened litigation, claims, or assessments concerning such matters.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC. AND AFFILIATED ENTITIES

NOTE H – STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Organizations consider all monies in banks and highly liquid investments with maturity dates of three months or less at the date of purchase to be cash equivalents. Cash designated by the Board for potential Medicaid payment adjustments and cash and short-term investments being held as various reserves, and as investments (see Note E), are not reflected as cash and cash equivalents for the purpose of the statement of cash flows.

NOTE I – RETIREMENT PLAN

The retirement plan covers all full time employees with one year of service. The contributions to the retirement plan are at the sole discretion of the Board of Directors. With the contributions, the Center makes annuity purchase payments for each employee in an amount determined at a rate equal to a fixed percentage of each participating employee's salary. The total retirement plan contribution (i.e. expense) for the year ended June 30, 2011 was \$418,994, which is net of forfeitures.

NOTE J – LINE OF CREDIT

The Center has entered into a working capital line-of-credit with a bank which is due on demand, bears interest at the prime rate (3.25% at July 1, 2011) plus one percent, and is collateralized by the Center's receivables - \$1,000,000 is available as of June 30, 2011.

NOTE K – INCOME TAXES

For income tax purposes, the Organizations are exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and the laws of the State of Florida, and they maintain nonprivate foundation status in accordance with the Internal Revenue Code.

However, the Organizations are required to file income tax returns (Form 990-T) and pay income taxes on any unrelated business income (none recently). Accordingly, there are no open federal or state tax years under audit.

The Organizations have not recognized any respective liability for unrecognized tax benefits as they have no known tax positions that would subject the Organizations to any material income tax exposure. The tax years that remain subject to examination are the years beginning July 1, 2007 for all major tax jurisdictions.

NOTE L – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist principally of cash and cash equivalents, investments (see Note E), and various unsecured receivables.

The Organizations place their cash and cash equivalents balances in federally insured financial institutions (FDIC), while investments are maintained in accounts (see Note E) with FDIC insurance and separate SIPC insurance. However, the Organizations are exposed to loss to the extent that such account balances exceed such insurance limits.

Generally, concentrations of credit risk with respect to unsecured receivables are limited as the receivables are primarily receivables from governmental agencies; other receivables are primarily due from individuals and organizations located in Central Florida.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

NOTE M – LONG-TERM DEBT/MORTGAGES AND SECURITY AGREEMENTS

The Center has entered into mortgage and security agreements (6) with the City of Orlando ("City") for United States Department of Housing and Urban Development ("HUD") monies used for the purchase and rehabilitation of certain residential properties (6). As a condition of the use of these HUD funds, the Center, under HUD's Housing Opportunities for Persons With Aids program (known as HOPWA), entered into a declaration of restricted covenant for each property with the City, which generally is as follows:

For the period of ten (10) years from the date of issuance of a certificate of occupancy for the property after any renovation is complete, the property shall only be used as a housing facility to serve the needs of low-income persons (as defined by HUD) with AIDS and their families. If the property is not used for a housing facility for low-income persons with AIDS as agreed for the ten (10) year period, the Center must reimburse the City any HOPWA funds provided to the Center by the City, for the purchase and renovation of the property. Accordingly, any sale or transfer of the property must have the approval of the City for compliance with these terms.

This covenant shall be binding on all parties until expiration of the ten year period as discussed therein.

Related to the above referenced agreements, the Center has entered into promissory notes (6), each secured by a Mortgage and Security Agreement with the City, which requires one principal installment due on expiration of the ten year period referenced above. However, upon the Center's compliance with the covenants and conditions of the various agreements referenced above the City shall execute and record a release of the mortgage. Accordingly, five promissory notes were originally entered into during the year ended June 30, 2006 and one promissory note was originally entered into during the year ended June 30, 2008.

In July 2009, the Center entered into a first mortgage payable due to Seminole County, Florida on the purchase of property (see Note O).

In January 2011, the Center assumed the following long term debt (see Note P):

- 1) Mortgage payable to Tohopekaliga Water Authority ("TOHO") secured by certain real property; current modified terms require annual payments of \$50,940 subsequent to June 30, 2011 with the remaining installments (4) required thereafter on July 30, 2011 through July 30, 2014 (the maturity date); provided the referenced installments are timely made, the interest accrued and accruing in the future on the note is waived.
- 2) Note payable to the City of Kissimmee, Florida, secured by a mortgage on real property; the note is non-interest bearing and the principal is payable in total in 2023. The City through the State of Florida Hurricane Housing Recovery Program provided funds for development/construction subsidies to develop and construct affordable housing units (i.e. new housing for rent to defined low income persons or households) located within the City's boundaries. The funds were provided in the form of an interest free promissory note in favor of the City subject to a Mortgage and Security Agreement on the property which is fully described in the Mortgage (i.e. the land and multi-family units).

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

NOTE M – LONG-TERM DEBT/MORTGAGES AND SECURITY AGREEMENTS – CONTINUED

The loan is considered a deferred loan (15 year term) on the terms set forth in the agreement between the City and the Center. Accordingly, no payment shall be due to the City during the term of the loan so long as the Center is not under default of any term of the parties' agreement. Upon the occurrence or existence of any default of any term under the agreement, the City is free to exercise all remedies including those contained in the agreement, which includes having all amounts disbursed to the Center repaid to the City and accelerating the loan to maturity, whereupon the outstanding principal balance of the loan shall become immediately due and payable.

The Center anticipates meeting the terms and conditions of the deferred loan.

- 3) Note payable to TOHO for impact and connection fees; the note is non-interest bearing and remaining principal is payable in monthly installments of \$1,031.

A summary of the Organizations' long-term debt at June 30, 2011 is as follows:

<u>Due to</u>	<u>Amount</u>
Mortgages:	
City of Orlando	\$ 1,367,707
Seminole County, Florida	515,000
City of Kissimmee	417,732
TOHO mortgage	<u>203,760</u> \$ 2,504,199
TOHO unsecured note	<u>24,726</u>
	<u>\$ 2,528,925</u>

Anticipated long-term debt payments subsequent to June 30, 2011, are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2012	\$ 63,312
2013	63,294
2014	50,940
2015	<u>50,940</u>
	<u>\$ 228,486</u>

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

NOTE N – CAPITAL ADVANCES

During the year ended June 30, 2009, the Center entered into a capital grant agreement under the Department of Veterans Affairs ("VA") Homeless Providers Grant and Per Diem Program to assist in the new construction of a building in Orange County, Florida to create transitional housing to provide 32 beds for homeless veterans. The project was completed in the year ended June 30, 2011 at a total cost of \$1,792,207 of which a VA non-interest bearing capital advance of \$997,997 was received and applied toward the project. The capital advance is subject to a recovery provision on a pro-rata basis which requires certain continued involvement in the program on the part of the Center for a period lasting ten years, at which time no repayment will be required. The Center anticipates long-term involvement in the program.

In October 2009, the Center entered into a capital grant agreement under the VA's Homeless Providers Grant and Per Diem Program to assist in the new construction of a building at 3905 Grissom Parkway, Cocoa, Florida (Brevard County) on property owned by T.D. Associates, Inc. to create transitional housing that will provide 28 beds for homeless women veterans and their children and the acquisition of a van to provide transportation of homeless veterans. The current total anticipated cost of the project is approximately \$1,803,284 (construction in progress balance of \$801,631 at June 30, 2011 - see Note C) of which the VA non-interest bearing capital advance is currently limited to approximately \$1,078,000 or approximately 60% of the project (capital advance balance is \$520,416 at June 30, 2011). The capital advance is subject to a recovery provision on a pro-rata basis which requires certain continued involvement in the program on the part of the Center for a period lasting eleven years, at which time no repayment will be required. The Center anticipates long-term involvement in the program.

Related to the above referenced project, the Center entered into an agreement with Brevard County, Florida by which the County awarded the Center Homeless Housing Assistance Grant ("Grant") funds in an amount up to \$400,000 to assist in the above referenced construction project to provide supportive housing to female homeless veterans. \$240,422 was the balance under the agreement as of June 30, 2011.

As the \$400,000 in funds are provided by the State of Florida Department of Children and Families (the "Department"), the Center and T.D. Associates, Inc. entered into a Mortgage Lien and Security Agreement with the Department in consideration for the awarding of the Grant, which agreement granted the Department a security interest in the referenced property.

In addition, the Grant provides for amortization of the Department's interest over a 10 year period beginning from the date of the completion of the property improvements (anticipated in the year end June 30, 2012) made pursuant to the Grant unless the Center does not meet certain terms and conditions of the Grant. The Center anticipates meeting all the terms and conditions of the Grant.

A summary of outstanding capital advances payable at June 30, 2011 is as follows:

Description	Amount
VA - Michigan Project	\$ 997,977
VA - Brevard Project	520,416
VA - Brevard Project - State of Florida Department of Children and Families Grant	240,422
	<u>\$ 1,758,815</u>

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC. AND AFFILIATED ENTITIES

NOTE O – AGREEMENT ASSIGNMENT

In 2009, the Center entered into an agreement whereby the Center assumed an assignment of certain duties and responsibilities (subrecipient responsibilities related to an Affordable Housing Program, that is, a program making affordable housing available to citizens of Seminole County, Florida, limited to recovering women of low and very low income and their legally dependent children) to Seminole County, Florida.

Related to the assignment, the Center assumed a \$515,000 first mortgage payable due to Seminole County which is secured by property purchased by the Center related to the assignment. The unpaid principal amount of the assumed mortgage payable is to be reduced to zero on October 31, 2026 provided that the Center has met all the terms and conditions regarding use and occupancy of the property (see above) for the remainder of the required original twenty-year period. The Center anticipates meeting these terms and conditions.

NOTE P – ASSET PURCHASE AGREEMENT

During the year ended June 30, 2011, the Center entered into an Asset Purchase Agreement with "Helping Others Make the Effort, Inc." ("Home"), a Central Florida based 501(c)(3) not for profit organization, which operated a campus for moving families and individuals with families (including single parents and parents who are actively engaged in reunifying with their children) towards self-sufficiency by assisting them in their efforts to break the cycle of poverty/homelessness and its related problems.

Home determined it was in their best interest to transfer its assets to the Center and support the Center in the operation of Home's facility and programs in Osceola County, Florida (as the Center's services were considered, in many ways, similar in purpose and function to Home's); therefore, Home requested that the Center accept the assets which are owned by Home and were used in connection with the operation of its programs. Accordingly, Home agreed to transfer all of such assets to the Center and the Center agreed to assume certain liabilities and obligations of Home.

Following the transfer, it was agreed that Home will continue to assist the Center in its charitable activities and in obtaining grants or other activities that both parties agree are in the best interests of operating the referenced facility and programs.

The Center received the governmental and third-party approvals required in connection with the transfer.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

NOTE P – ASSET PURCHASE AGREEMENT – CONTINUED

A summary of the transaction involved at fair value (measured at Level II – see Note E) is as follows:

Assets transferred

Land	\$	466,100	
Building		1,939,400	
Furniture and equipment		19,224	
			<u>2,424,724</u>

Liabilities assumed

City of Kissimmee mortgage note payable			417,732
TOHO:			
Mortgage note payable	\$	254,700	
Unsecured note payable		29,889	
			<u>284,589</u>
			<u>702,321</u>
Fair value of assets transferred net of liabilities assumed			1,722,403
Center's cash requirements related to the transfer			<u>(206,617)</u>
Net noncash contribution	\$		<u>1,515,786</u>

NOTE Q – SUBSEQUENT EVENTS

Subsequent events were evaluated through the date the combined financial statements were available to be issued. The combined financial statements were approved and authorized for use by management on December 19, 2011.

SUPPLEMENTAL INFORMATION

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

Year Ended June 30, 2011

Federal/State Agency, Pass-through Entity Federal Programs/State Projects	CFDA CSFA Number	Contract/Grant Number	Expenditures
<u>Federal Awards</u>			
Department of Health and Human Services:			
Direct Programs			
Substance Abuse and Mental Health Services -			
Central Florida Change Program for Transition Age Youth	93.243	1H79TI020781-01	\$ 63,181
Brevard Program Project 321	93.243	1H79TI020781-02	245,887
		Subtotal	309,068
Indirect Programs			
Passed through Florida Department of Children and Families -			
Substance Abuse and Mental Health Services Program	93.959	GDK02	5,020,347
Temporary Assistance for Needy Families (TANF)	93.558	GDK02	7,522
			5,027,869
	93.959	GDZ03	120,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GDZ04	120,000
			240,000
Substance Abuse and Mental Health Services - Brite Services	93.243	LD932	350,000
			5,617,869
Passed through Grand Avenue Economic Community Development Corp. -			
Project Pathlight Home	93.243	1HM795MO59084-02	190,536
Passed through Orange County, Florida -			
Substance Abuse and Mental Health Services - Orange County Drug Court	93.243	Y9-2078	321,216
Health and Support Services for Persons with HIV Spectrum Disease	93.914	Y7-154B	111,936
			433,152
Passed through Homeless Services Network of Central Florida, Inc. -			
Substance Abuse and Mental Health Services - Project HOPE	93.243	1H79SM058265-02	238,418
Passed through University of Miami -			
The Florida Node of the Clinical Trials Network on Drug Abuse	93.279	CTN-0032	13,865
Community Treatment Programs Infrastructure Budget	93.279	CTN-0037	13,256
HIV Platform Study	93.279	CTN-0045T	2,694
Web Delivery of Evidenced-Based, Psychosocial Treatment for Substance Use Disorders	93.279	CTN-0044	240,184
			269,999
		Subtotal	6,749,974
Total Department of Health and Human Services			\$ 7,059,042

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

Year Ended June 30, 2011

Federal/State Agency, Pass-through Entity Federal Programs/State Projects	CFDA CSFA Number	Contract/Grant Number	Expenditures
<u>Federal Awards - continued</u>			
Department of Veterans Affairs:			
Direct Program			
VA Homeless Providers Grant and Per Diem Program	64.024	Capital Advance-08-818-FL	\$ 44,218
VA Homeless Providers Grant and Per Diem Program	64.024	Capital Advance-09-843-FL	520,416
VA Homeless Providers Grant and Per Diem Program	64.024	08-818-FL	191,933
VA Homeless Providers Grant and Per Diem Program	64.024	08-85-FL	<u>107,426</u>
Total Department of Veterans Affairs			<u>\$ 863,993</u>
Department of Housing and Urban Development:			
Indirect Programs			
Passed through City of Orlando -			
Housing Opportunities for Persons with Aids (HOPWA) Grants	14.241	1260009	\$ 197,253
	14.241	1260010	<u>744,208</u>
			941,461
Nueva Vida Program	14.218	G1-071029G01	<u>26,017</u>
			967,478
Passed through Orange County, Florida -			
The Community Development Block Grant Program	14.218	CDBG	37,620
Passed through Homeless Services Network of Central Florida, Inc. -			
Alleviating Needs and Empowering Women	14.235	FL0103B4H070801	156,522
Supportive Housing Program - Anchor	14.235	FL29B507010	350,653
VA Homeless Providers Grant	14.235	FL0333B4H070900	87,982
Home Scattered Sight Transitional Housing	14.235	FL0096B4H070802	9,922
Home Residential Transitional Housing	14.235	FL0306B4H070901	<u>69,407</u>
			<u>674,486</u>
Total Department of Housing and Urban Development			<u>\$ 1,679,584</u>
U.S. Department of Agriculture:			
Indirect Program			
Passed through Florida Department of Education -			
Child Nutrition Cluster - Note 4 -			
National School Lunch Program	10.555	01-0343	\$ 157,810
School Breakfast Program	10.553	01-0343	<u>92,632</u>
			<u>250,442</u>
Total U.S. Department of Agriculture			<u>\$ 250,442</u>

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

Year Ended June 30, 2011

Federal/State Agency, Pass-through Entity Federal Programs/State Projects	CFDA CSFA Number	Contract/Grant Number	Expenditures
<u>Federal Awards - continued</u>			
U.S. Department of Justice:			
Indirect Programs			
Passed through Orange County, Florida - Drug Court Discretionary Grant Program	16.585	Y10-2053	\$ 71,376
Family Drug Court Implementation	16.585	Y8-2081	47,316
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program - Adult Drug Court Expansion Grant	16.803	Y10-2068	555,689
Adult Drug Court Substance Abuse Treatment and Case Management Program	16.541	Y8-102-LC	459,544
			1,133,925
Total U.S. Department of Justice			\$ 1,133,925
Department of Education:			
Indirect Program			
Passed through the Florida Department of Education - Recovery Act - 2009-2010 State Appropriated Equipment Assistance, School Food Authorities	84.397	48D-5921S-1RZE1	\$ 5,345
Total Department of Education			\$ 5,345
Total Expenditures of Federal Awards			\$ 10,992,331
<u>State Financial Assistance</u>			
Florida Department of Children and Families:			
Direct Projects			
Substance Abuse Prevention Services for Children	60.029	GDK02	\$ 264,099
Substance Abuse Treatment and Aftercare Services for Children	60.030	GDK02	1,115,906
Substance Abuse Detoxification Services for Adults	60.031	GDK02	1,091,966
Substance Abuse Treatment and Aftercare Services for Adults	60.033	GDK02	348,317
Adult Substance Abuse - Special Projects - Treatment and Aftercare	60.101	GDK02	1,224,999
			4,045,287

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE - CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

Year Ended June 30, 2011

Federal/State Agency, Pass-through Entity Federal Programs/State Projects	CFDA CSFA Number	Contract/Grant Number	Expenditures
<u>State Financial Assistance - continued</u>			
Indirect Projects			
Passed through Orange County, Florida - Public Safety, Mental Health, and Substance Abuse Local Matching Grant	60.115	Y8-2087	267,633
Passed through Brevard County, Florida - Homeless Housing Assistance Grant	60.015	FY10-11-HHAG	240,422
			<u>508,055</u>
Total Florida Department of Children and Families			<u>\$ 4,553,342</u>
Total Expenditures of State Financial Assistance			<u>\$ 4,553,342</u>
<u>Other State Funding</u>			
Florida Department of Children and Families - state matching funds for federal awards received	*	GDK02	<u>\$ 83,895</u>

* Represents state matching funds for federal awards - see Note 3.

Note 1 - The accompanying schedule of expenditures of federal awards and state financial assistance is prepared on the accrual basis of accounting.

Note 2 - The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 3 - The state matching funds received for the year are tested with the federal program Federal CFDA number 93.959 (\$83,574) and Federal CFDA number 93.558 (\$321), the programs to which the match funds applied.

Note 4 - U.S. Department of Agriculture funding, National School Lunch Program (CFDA number 10.555) and School Breakfast Program (CFDA number 10.553) are reported as a Child Nutrition Cluster.

See Independent Auditors' Report on Supplemental Information.

SCHEDULE OF STATE EARNINGS

THE CENTER FOR DRUG FREE LIVING, INC.

Year Ended June 30, 2011

Total expenditures for The Center for Drug Free Living, Inc.	\$ 29,046,063
Less other state and federal funds received	(12,677,036)
Less non-match SAMH funds received	(5,344,318)
Less unallowable costs per 65E-14, FAC	<u>(210,277)</u>
Total allowable expenditures	<u>\$ 10,814,432</u>
Maximum available earnings (75% of total allowable expenditures)	\$ 8,110,824
Less amount of state funds received requiring match	<u>(3,812,734)</u>
Excess match	<u>\$ 4,298,090</u>

See Independent Auditors' Report on Supplemental Information.

SCHEDULE OF RELATED PARTY TRANSACTION ADJUSTMENTS

THE CENTER FOR DRUG FREE LIVING, INC.

Year ended June 30, 2011

	Allocation of Related Party Transactions Adjustment										Total
	State-Designated Cost Centers										
	Intervention	Outpatient Treatment	Marchman Detox	Medical Services	Methadone Maintenance	Residential Level II	Residential Level IV	Prevention	Assessment	InHome OnSite	
Revenues from grantee											
Rent	\$ 16,581	\$ 50,966	\$ 73,740	\$ 2,089	\$ 24,880	\$ 548,552	\$ 21,228	\$ 26,780	\$ 11,118	\$ 2,228	\$ 778,162
Expenses associated with grantee transactions											
Depreciation	5,611	17,248	24,955	707	8,420	185,640	7,184	9,063	3,762	754	263,344
Interest	-	-	-	-	-	-	-	-	-	-	-
Other	335	1,029	1,488	42	502	11,072	428	541	224	45	15,706
Total associated expenses	5,946	18,277	26,443	749	8,922	196,712	7,612	9,604	3,986	799	279,050
Related party transaction adjustment	\$ 10,635	\$ 32,689	\$ 47,297	\$ 1,340	\$ 15,958	\$ 351,840	\$ 13,616	\$ 17,176	\$ 7,132	\$ 1,429	\$ 499,112

See Independent Auditors' Report on Supplemental Information.

SCHEDULE OF BED-DAY AVAILABILITY PAYMENTS

THE CENTER FOR DRUG FREE LIVING, INC.

Year Ended June 30, 2011

Program A	Cost Center B	State Contracted Rate C	Total Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts, Local Govt. or Other State Agencies E	Maximum # of Units Eligible for Payment by Department (D-E) F	Amount Paid for Services by the Department G	Maximum \$ Value of Units in Column F (F x C) H	Amount Owed to Department (G-H or \$0, whichever is greater) I
Adult SA	Substance Abuse Detox	\$224.43	14,600	2,579	12,021	\$2,646,785.00	\$2,697,985.25	\$0.00
								\$0.00

See Independent Auditors' Report on Supplemental Information.

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL REVENUES AND EXPENSES SCHEDULE

Agency: THE CENTER FOR DRUG FREE LIVING, INC.

Contract # GDK02

PART I: ACTUAL FUNDING SOURCES AND REVENUES

PERIOD FROM: 7/1/2010 TO: 6/30/2011

FUNDING SOURCES AND REVENUES	STATE-DESIGNATED STATE SAMH-FUNDED				
	Residential Level II	Medical Services	Residential Level III	Residential Level IV	Prevention
IA. STATE SAMH FUNDING	\$ 2,843,246	\$ 127,615	\$ 396,459	\$ -	\$ 1,621,171
IB. OTHER GOVERNMENT FUNDING					
Other state funding	6,057,319	-	-	-	440,108
Medicaid	1,800,438	2,959	-	-	-
Local government	766,542	-	-	292,000	1,183,385
Federal grants and contracts	782,726	-	6,840	-	-
In kind (local government only)	143,112	-	-	-	-
TOTAL OTHER GOVERNMENT FUNDING	9,550,137	2,959	6,840	292,000	1,623,493
IC. ALL OTHER FUNDING AND REVENUES					
First and third party fees	142,280	553	10,122	2,872	350
Contributions and donations	38,986	-	118	-	330,718
Other	25,957	-	-	-	-
TOTAL ALL OTHER FUNDING AND REVENUES	207,223	553	10,240	2,872	331,068
TOTAL FUNDING	\$ 12,600,606	\$ 131,127	\$ 413,539	\$ 294,872	\$ 3,575,732

See Independent Auditors' Report on Supplemental Information.

SAMH COST CENTERS

COST CENTERS

Intervention	Marchman Detox	Outpatient	Assessment	Aftercare	Outreach	Crisis Support/ Emergency	Incidental Expenses
\$ 958,579	\$ 2,646,785	\$ 475,203	\$ 53,452	\$ 21,313	\$ 11,547	\$ -	\$ 1,704
-	-	54,908	-	-	-	-	-
-	-	104,085	1,218	-	-	-	-
-	373,364	1,345,099	-	-	-	304,879	-
654,060	-	504,522	-	-	350,653	-	-
-	-	-	-	-	-	-	-
654,060	373,364	2,008,614	1,218	-	350,653	304,879	-
-	214,823	351,745	4,888	-	-	-	-
2,957	-	-	-	-	-	-	-
700	69	-	-	-	-	-	-
3,657	214,892	351,745	4,888	-	-	-	-
\$ 1,616,296	\$ 3,235,041	\$ 2,835,562	\$ 59,558	\$ 21,313	\$ 362,200	\$ 304,879	\$ 1,704

Continued on next page

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL REVENUES AND EXPENSES SCHEDULE - CONTINUED

Agency: THE CENTER FOR DRUG FREE LIVING, INC.

Contract # GDK02

PART I: ACTUAL FUNDING SOURCES AND REVENUES

PERIOD FROM: 7/1/2010 TO: 6/30/2011

FUNDING SOURCES AND REVENUES	STATE-DESIGNATED SAMH COST CENTERS				
	InHome OnSite	Total for State SAMH-Funded Cost Centers	Methadone	Total for Non-State-Funded SAMH Cost Centers	Total for All State-Designated SAMH Cost Centers
IA. STATE SAMH FUNDING	\$ -	\$ 9,157,074	\$ -	\$ -	\$ 9,157,074
IB. OTHER GOVERNMENT FUNDING					
Other state funding	200,000	6,752,335	-	-	6,752,335
Medicaid	-	1,908,700	264,174	264,174	2,172,874
Local government	-	4,265,269	92,197	92,197	4,357,466
Federal grants and contracts	-	2,298,801	-	-	2,298,801
In kind (local government only)	-	143,112	-	-	143,112
TOTAL OTHER GOVERNMENT FUNDING	200,000	15,368,217	356,371	356,371	15,724,588
IC. ALL OTHER FUNDING AND REVENUES					
First and third party fees	-	727,633	148,928	148,928	876,561
Contributions and donations	4,839	377,618	-	-	377,618
Other	-	26,726	-	-	26,726
TOTAL ALL OTHER FUNDING AND REVENUES	4,839	1,131,977	148,928	148,928	1,280,905
TOTAL FUNDING	\$ 204,839	\$ 25,657,268	\$ 505,299	\$ 505,299	\$ 26,162,567

See Independent Auditors' Report on Supplemental Information.

Non-SAMH Cost Center	Total Funding
\$ -	\$ 9,157,074
-	6,752,335
-	2,172,874
1,081,375	5,438,841
1,453,026	3,751,827
-	143,112
<hr/>	<hr/>
2,534,401	18,258,989
123,114	999,675
216,014	593,632
1,458,161	1,484,887
<hr/>	<hr/>
1,797,289	3,078,194
<hr/>	<hr/>
\$ 4,331,690	\$ 30,494,257

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL REVENUES AND EXPENSES SCHEDULE

Agency: THE CENTER FOR DRUG FREE LIVING, INC.

Contract # GDK02

PART II: ACTUAL EXPENSES

PERIOD FROM: 7/1/2010 TO: 6/30/2011

EXPENSE CATEGORIES	STATE - DESIGNATED				
	STATE SAMH - FUNDED				
	Residential Level II	Medical Services	Residential Level III	Residential Level IV	Prevention
IIA. PERSONNEL EXPENSES					
Salaries	\$ 5,944,241	\$ 76,352	\$ 179,251	\$ 73,213	\$ 2,037,455
Fringe benefits	1,506,809	5,818	41,634	23,557	531,821
TOTAL PERSONNEL EXPENSES	7,451,050	82,170	220,885	96,770	2,569,276
IIB OTHER EXPENSES					
Building occupancy	1,024,741	2,646	62,112	71,435	81,969
Professional services	313,589	46,715	-	-	17,641
Travel	49,808	293	33	70	40,792
Equipment	183,498	418	4,043	2,098	25,162
Food services	532,770	-	7,198	61,712	18,895
Medical and pharmacy	106,758	-	3,064	1,215	346
Subcontracted services	-	-	-	-	-
Insurance	132,463	1,804	10,457	7,573	20,462
Operating supplies and expenses	556,034	504	7,390	5,809	160,098
Donated items	143,112	-	-	-	-
TOTAL OTHER EXPENSES	3,042,773	52,380	94,297	149,912	365,365
TOTAL PERSONNEL AND OTHER EXPENSES	10,493,823	134,550	315,182	246,682	2,934,641
IIC DISTRIBUTED INDIRECT COSTS					
Administrative	1,361,310	16,225	39,349	32,630	368,711
Other support	678,340	5,939	19,488	16,419	182,300
TOTAL DISTRIBUTED INDIRECT COSTS	2,039,650	22,164	58,837	49,049	551,011
TOTAL ACTUAL OPERATING EXPENSES	12,533,473	156,714	374,019	295,731	3,485,652
IID UNALLOWABLE COSTS	-	-	-	-	-
TOTAL ALLOWABLE OPERATING EXPENSES	\$ 12,533,473	\$ 156,714	\$ 374,019	\$ 295,731	\$ 3,485,652

See Independent Auditors' Report on Supplemental Information.

SAMH COST CENTERS
COST CENTERS

Intervention	Marchman Detox	Outpatient	Assessment	Aftercare	Outreach	Crisis Support/ Emergency	Incidental Expenses	InHome OnSite
\$ 658,933	\$ 1,663,666	\$ 1,332,882	\$ 36,518	\$ 16,604	\$ 85,761	\$ 227,698	\$ -	\$ 58,070
174,891	313,020	322,156	10,126	3,711	23,612	71,564	-	13,943
833,824	1,976,686	1,655,038	46,644	20,315	109,373	299,262	-	72,013
38,647	180,348	202,003	14,072	4,426	146,945	-	2,420	3,733
2,720	100,908	27,027	-	-	-	-	-	-
29,523	5,684	20,628	4	35	736	-	-	2,041
7,622	15,781	30,208	2,227	199	209	-	-	509
992	201,985	3,555	-	-	76,851	-	-	-
77,197	104,642	45,812	-	-	-	-	-	-
-	-	-	-	-	15,000	-	-	-
8,599	7,853	17,554	318	284	4,484	1,035	-	334
405,284	125,467	148,984	3,309	781	3,629	340	175	2,379
-	-	-	-	-	-	-	-	-
570,584	742,668	495,771	19,930	5,725	247,854	1,375	2,595	8,996
1,404,408	2,719,354	2,150,809	66,574	26,040	357,227	300,637	2,595	81,009
177,095	343,620	273,371	9,169	3,242	38,031	37,595	275	10,335
88,283	164,711	136,905	4,486	1,586	576	18,810	-	5,013
265,378	508,331	410,276	13,655	4,828	38,607	56,405	275	15,348
1,669,786	3,227,685	2,561,085	80,229	30,868	395,834	357,042	2,870	96,357
-	-	-	-	-	-	-	-	-
\$ 1,669,786	\$ 3,227,685	\$ 2,561,085	\$ 80,229	\$ 30,868	\$ 395,834	\$ 357,042	\$ 2,870	\$ 96,357

Continued on next page

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES
PROGRAM / COST CENTER ACTUAL REVENUES AND EXPENSES SCHEDULE - CONTINUED

Agency: THE CENTER FOR DRUG FREE LIVING, INC.

Contract # GDK02

PART II: ACTUAL EXPENSES

PERIOD FROM: 7/1/2010 TO: 6/30/2011

EXPENSE CATEGORIES	Total for State SAMH-Funded Cost Centers	Methadone	Total for Non-State-Funded SAMH Cost Centers	Total for All State-Designated SAMH Cost Centers	Non-SAMH Cost Center
IIA. PERSONNEL EXPENSES					
Salaries	\$ 12,390,644	\$ 251,726	\$ 251,726	\$ 12,642,370	\$ 1,302,398
Fringe benefits	3,042,662	47,133	47,133	3,089,795	311,372
TOTAL PERSONNEL EXPENSES	15,433,306	298,859	298,859	15,732,165	1,613,770
IIB OTHER EXPENSES					
Building occupancy	1,835,497	32,144	32,144	1,867,641	213,546
Professional services	508,600	13,500	13,500	522,100	16,305
Travel	149,647	2,901	2,901	152,548	18,775
Equipment	271,974	17,213	17,213	289,187	131,588
Food services	903,958	-	-	903,958	284,505
Medical and pharmacy	339,034	51,096	51,096	390,130	69,071
Subcontracted services	15,000	-	-	15,000	136,747
Insurance	213,220	2,111	2,111	215,331	27,577
Operating supplies and expenses	1,420,183	22,531	22,531	1,442,714	47,774
Donated items	143,112	-	-	143,112	-
TOTAL OTHER EXPENSES	5,800,225	141,496	141,496	5,941,721	945,888
TOTAL PERSONNEL AND OTHER EXPENSES	21,233,531	440,355	440,355	21,673,886	2,559,658
IIC DISTRIBUTED INDIRECT COSTS					
Administrative	2,710,958	58,263	58,263	2,769,221	323,130
Other support	1,322,856	27,770	27,770	1,350,626	159,265
TOTAL DISTRIBUTED INDIRECT COSTS	4,033,814	86,033	86,033	4,119,847	482,395
TOTAL ACTUAL OPERATING EXPENSES	25,267,345	526,388	526,388	25,793,733	3,042,053
IID UNALLOWABLE COSTS					
	-	-	-	-	-
TOTAL ALLOWABLE OPERATING EXPENSES	\$ 25,267,345	\$ 526,388	\$ 526,388	\$ 25,793,733	\$ 3,042,053

See Independent Auditors' Report on Supplemental Information.

Other Support Costs	Administration	Total Expenses
---------------------	----------------	----------------

\$ 453,721	\$ 1,696,120	\$ 16,094,609
109,711	412,791	3,923,669
<u>563,432</u>	<u>2,108,911</u>	<u>20,018,278</u>

128,487	206,439	2,416,113
223,506	250,104	1,012,015
10,676	11,059	193,058
99,203	49,180	569,158
2,758	16,266	1,207,487
101	-	459,302
-	-	151,747
51,042	188,062	482,012
640,963	262,330	2,393,781
-	-	143,112
<u>1,156,736</u>	<u>983,440</u>	<u>9,027,785</u>

1,720,168	3,092,351	29,046,063
-----------	-----------	------------

-	(3,092,351)	-
<u>(1,509,891)</u>	<u>-</u>	<u>-</u>

<u>(1,509,891)</u>	<u>(3,092,351)</u>	<u>-</u>
--------------------	--------------------	----------

210,277	-	29,046,063
---------	---	------------

<u>210,277</u>	<u>-</u>	<u>210,277</u>
----------------	----------	----------------

<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,835,786</u>
-------------	-------------	----------------------

R.A. SIMASEK, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
601 NORTH FERNCREEK AVENUE, SUITE 110
ORLANDO, FLORIDA 32803
TELEPHONE (407) 894-5050
FAX (407) 894-5019

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

Board of Directors
The Center For Drug Free Living, Inc.
and Affiliated Entities
Orlando, Florida

We have audited the combined financial statements of The Center For Drug Free Living, Inc. and its affiliated entities, T.D. Associates, Inc. and Central Florida Foundation for a Drug-Free Community, Inc., ("Organizations"), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organizations' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over financial reporting.

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 Organizations' combined financial statements will not be prevented, or detected and corrected on a timely basis.

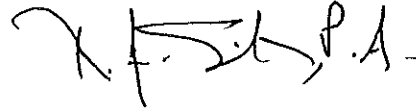
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
The Center For Drug Free Living, Inc.
and Affiliated Entities
Orlando, Florida

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Organizations' Board of Directors, others within the Organizations, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Orlando, Florida
December 19, 2011

R.A. SIMASEK, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
601 NORTH FERNCREEK AVENUE, SUITE 110
ORLANDO, FLORIDA 32803
TELEPHONE (407) 894-5050
FAX (407) 894-5019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Directors
The Center For Drug Free Living, Inc.
and Affiliated Entities
Orlando, Florida

Compliance

We have audited The Center For Drug Free Living, Inc.'s and its affiliated entities, T.D. Associates, Inc.'s and Central Florida Foundation for a Drug-Free Community, Inc.'s, ("Organizations"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the compliance requirements described in the State of Florida Department of Financial Services State Projects Compliance Supplement, that could have a direct and material effect on each of the Organizations' major federal programs and state projects for the year ended June 30, 2011. The Organizations' major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the Organizations' management. Our responsibility is to express an opinion on the Organizations' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, *OMB Circular A-133*, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organizations' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organizations' compliance with those requirements.

In our opinion, The Center For Drug Free Living, Inc. and its affiliated entities, T.D. Associates, Inc. and Central Florida Foundation for a Drug-Free Community, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the Organizations' major federal programs and state projects for the year ended June 30, 2011.

Board of Directors
The Center For Drug Free Living, Inc.
and Affiliated Entities
Orlando, Florida

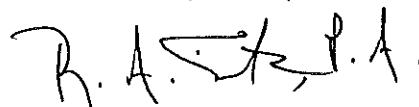
Internal Control Over Compliance

Management of the Organizations is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Organizations' internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project 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 or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Organizations' Board of Directors, others within the Organizations, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Orlando, Florida
December 19, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS

THE CENTER FOR DRUG FREE LIVING, INC.
AND AFFILIATED ENTITIES

Year Ended June 30, 2011

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the combined basic financial statements of The Center For Drug Free Living, Inc. and its affiliated entities, T.D. Associates, Inc. and Central Florida Foundation for a Drug-Free Community, Inc.
2. No significant deficiencies in internal control relating to the audit of the combined financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of The Center For Drug Free Living, Inc. and its affiliated entities, T.D. Associates, Inc. and Central Florida Foundation for a Drug-Free Community, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal programs and state projects relating to the audit of the major federal programs and state projects are reported in the Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance In Accordance With OMB Circular A-133 and Chapter 10.650, *Rules Of The Auditor General*.
5. The auditors' report on compliance with requirements applicable to the major federal programs and state projects for The Center For Drug Free Living, Inc. and its affiliated entities, T.D. Associates, Inc. and Central Florida Foundation for a Drug-Free Community, Inc. expresses an unqualified opinion on all of the major federal programs and state projects.
6. Audit findings that are required to be reported relative to the major federal programs and state projects for The Center For Drug Free Living, Inc. and its affiliated entities, T.D. Associates, Inc. and Central Florida Foundation for a Drug-Free Community, Inc. are reported in Parts C and D of this schedule.
7. Those tested as major federal program/state projects for the year ended June 30, 2011 included:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>
Department of Health and Human Services:	
Block Grants for Prevention and Treatment of Substance Abuse	93.959
Substance Abuse and Mental Health Services	93.243
Department of Education:	
State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act	84.397

SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 FEDERAL PROGRAMS AND STATE PROJECTS – CONTINUED

THE CENTER FOR DRUG FREE LIVING, INC.
 AND AFFILIATED ENTITIES

Year Ended June 30, 2011

A. SUMMARY OF AUDITORS' RESULTS – CONTINUED

<u>Federal Programs - continued</u>	<u>Federal CFDA Number</u>
Department of Justice: Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803
<u>State Projects</u>	<u>State CSFA Number</u>
Florida Department of Children and Families: Substance Abuse Prevention Services for Children	60.029
Substance Abuse Treatment and Aftercare Services for Children	60.030
Substance Abuse Detoxification Services for Adults	60.031
Substance Abuse Treatment and Aftercare Services for Adults	60.033
Adult Substance Abuse-Special Projects-Treatment and Aftercare	60.101

8. The threshold used for distinguishing between Type A and B programs was \$329,770 for major federal programs and \$300,000 for major state projects; American Recovery and Reinvestment Act (ARRA) programs are considered "higher risk" and accordingly, are treated as Type A programs.
9. The Center For Drug Free Living, Inc., T.D. Associates, Inc. and Central Florida Foundation for a Drug-Free Community, Inc., combined, qualified as a low-risk auditee pursuant to OMB Circular A-133 for the year ended June 30, 2011.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT – None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS – None

D. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS – None

E. OTHER ISSUES

1. No management letter is required because there were no findings required to be reported.
2. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.
3. No corrective action plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.