



Barley | McNamara | Wild | Martin
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Consolidated Financial Statements, Supplementary
Information and Regulatory Reports

**Drug Abuse Comprehensive Coordinating Office, Inc.
(DACCO) and Affiliates**

June 30, 2012 and 2011

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

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CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Report of Independent Certified Public Accountants

To the Board of Trustees of the
Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Tampa, FL

We have audited the accompanying consolidated statements of financial position of the **Drug Abuse Comprehensive Coordinating Office, Inc. and Affiliates**, also known as DACCO, (the "Organization"), a not-for-profit organization, as of June 30, 2012 and 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 our audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years 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 November 8, 2012, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 important for assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of the Organization taken as a whole. The accompanying schedules of expenditures of federal awards and expenditures of state financial assistance are 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 provisions of Chapter 10.650, Rules of Auditor General of the State of Florida, and are not a required part of the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole. The schedule of local and other awards, the schedule of state earnings for alcohol, drug abuse and mental health services, the schedule of related party transaction adjustments, and the program/cost center actual expenses and revenue schedule, as listed in the table of contents, are presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic consolidated financial statements taken as a whole.

Barley, McNamara, Wild, Martin

Tampa, Florida
November 8, 2012

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statements of Financial Position
As of June 30, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 3,590,807	\$ 4,267,957
Restricted cash	1,739,881	212,383
Short-term investments	-	162,767
Accounts receivable, net	230,102	189,842
Contracts receivable - governmental, net	1,004,706	976,914
Related party receivables	441,658	497,310
Short-term portion of note receivable	25,000	25,000
Prepaid expenses	216,548	125,507
Total current assets	<u>7,248,702</u>	<u>6,457,680</u>
Property and equipment, net	<u>19,521,852</u>	<u>19,581,030</u>
Other assets:		
Long-term investments	1,608,321	-
New Market Tax Credit loan receivable	5,979,397	-
Long-term portion of note receivable	188,150	213,150
Beneficial interest in assets held by others	10,025	10,164
Bond and loan issue costs, net of amortization	975,658	442,999
Deposits	37,830	38,401
Total other assets	<u>8,799,381</u>	<u>704,714</u>
Total assets	<u>\$ 35,569,935</u>	<u>\$ 26,743,424</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 435,510	\$ 434,795
Accrued expenses	534,753	520,693
Deferred revenue	5,242	31,952
Short-term portion of revenue bonds payable	225,000	225,000
Total current liabilities	<u>1,200,505</u>	<u>1,212,440</u>
Long-term liabilities:		
Long-term portion of revenue bonds payable	13,450,000	14,875,000
New Market Tax Credit loans payable	10,000,000	-
Derivative financial instrument-expiring January 27, 2015	94,643	-
Deferred payment purchase money mortgage-due December 31, 2047	1,000,000	1,000,000
Total long term liabilities	<u>24,544,643</u>	<u>15,875,000</u>
Total liabilities	<u>25,745,148</u>	<u>17,087,440</u>
Net assets:		
Permanently restricted	4,000	4,000
Unrestricted	9,820,787	9,651,984
Total net assets	<u>9,824,787</u>	<u>9,655,984</u>
Total liabilities and net assets	<u>\$ 35,569,935</u>	<u>\$ 26,743,424</u>

The accompanying notes are an integral part of these financial statements.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statement of Activities
For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities			
Public support and revenue			
Public support			
In-kind revenue	\$ 213,517	\$ -	213,517
Contributions	40,806	-	40,806
Total public support	<u>254,323</u>	<u>-</u>	<u>254,323</u>
Revenue			
Fees for client services	14,648,911	-	14,648,911
Foodservice income	806,574	-	806,574
Special events	64,183	-	64,183
Miscellaneous income	112,256	-	112,256
Total revenue	<u>15,631,924</u>	<u>-</u>	<u>15,631,924</u>
Total public support and revenue	15,886,247	-	15,886,247
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue after release from restrictions	15,886,247	-	15,886,247
Operating expenses			
Program services	13,721,769	-	13,721,769
Supporting services	2,045,708	-	2,045,708
Total operating expenses	<u>15,767,477</u>	<u>-</u>	<u>15,767,477</u>
Net change in net assets from operating activities	118,770	-	118,770
Non-operating activities			
Interest income	62,627	-	62,627
Change in fair value of derivative financial instrument, expiring January 27, 2015	(94,643)	-	(94,643)
Change in fair value of investments	82,049	-	82,049
Total non-operating activities	<u>50,033</u>	<u>-</u>	<u>50,033</u>
Change in net assets	168,803	-	168,803
Net assets at the beginning of year	9,651,984	4,000	9,655,984
Net assets at the end of year	<u>\$ 9,820,787</u>	<u>\$ 4,000</u>	<u>\$ 9,824,787</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statement of Activities
For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities			
Public support and revenue			
Public support			
In-kind revenue	\$ 243,308	\$ -	\$ 243,308
Contributions	24,628	-	24,628
Total public support	<u>267,936</u>	<u>-</u>	<u>267,936</u>
Revenue			
Fees for client services	15,070,950	-	15,070,950
Foodservice income	795,312	-	795,312
Special events	41,392	-	41,392
Miscellaneous income	96,174	-	96,174
Total revenue	<u>16,003,828</u>	<u>-</u>	<u>16,003,828</u>
Total public support and revenue	16,271,764	-	16,271,764
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue after release from restrictions	16,271,764	-	16,271,764
Operating expenses			
Program services	13,598,145	-	13,598,145
Supporting services	2,352,126	-	2,352,126
Total operating expenses	<u>15,950,271</u>	<u>-</u>	<u>15,950,271</u>
Net change in net assets from operating activities	321,493	-	321,493
Non-operating activities			
Loss on disposition of assets	(3,699)	-	(3,699)
Interest income	30,502	-	30,502
Change in fair value of derivative financial instrument, expiring August 1, 2010	48,738	-	48,738
Change in fair value of investments	(4,507)	-	(4,507)
Total non-operating activities	<u>71,034</u>	<u>-</u>	<u>71,034</u>
Change in net assets	392,527	-	392,527
Net assets at the beginning of year	9,259,457	4,000	9,263,457
Net assets at the end of year	<u>\$ 9,651,984</u>	<u>\$ 4,000</u>	<u>\$ 9,655,984</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows by operating activities:		
Change In Net Assets	\$ 168,803	\$ 392,527
Adjustments to reconcile Change In Net Assets to net cash provided by operating activities:		
Depreciation	961,867	959,060
Amortization of bond issuance costs	34,499	17,764
Change in fair value of derivative instrument	94,643	(48,738)
Unrealized (gain) loss on investments	(84,260)	4,507
Loss on sale of assets	-	3,699
Provision for bad debts	120,000	65,349
Increase (decrease) in current assets:		
Accounts receivable	(160,260)	(75,222)
Contracts receivables - governmental	(1,763)	(148,047)
Related party receivables	29,623	(204,144)
Note receivable	-	3,618
Prepaid expenses	(91,041)	103,461
Deposits	571	3,482
Increase (decrease) in current liabilities:		
Accounts payable	715	69,324
Accrued expenses	14,060	58,323
Deferred revenue	(26,710)	26,952
Net cash provided by operating activities	<u>1,060,747</u>	<u>1,231,915</u>
Cash flows provided (used) by investing activities:		
Change in restricted cash	(1,302,498)	(24,554)
Redemption (purchase) of investments	(1,361,155)	450,054
Purchase of property and equipment	(902,689)	(301,803)
New Market Tax Credit loan receivable	(5,979,397)	-
Other investment activities	25,000	22,833
Net cash provided (used) by investing activities	<u>(9,520,739)</u>	<u>146,530</u>
Cash flows provided (used) by financing activities:		
Payments to sinking fund	(225,000)	(187,829)
Bond issuance costs	(567,158)	(100,000)
Proceeds from long-term borrowings	-	129,575
New Market Tax Credit loans payable	10,000,000	-
Repayment of long-term borrowings	(1,425,000)	(1,225,000)
Net cash provided (used) by financing activities	<u>7,782,842</u>	<u>(1,383,254)</u>
Net decrease in cash	<u>(677,150)</u>	<u>(4,809)</u>
Cash, beginning of period	<u>4,267,957</u>	<u>4,272,766</u>
Cash, end of period	<u>\$ 3,590,807</u>	<u>\$ 4,267,957</u>
Supplemental and non-cash disclosures:		
Interest paid	\$ 460,139	\$ 300,252

The accompanying notes are an integral part of these financial statements

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statement of Functional Expenses
For The Year Ended June 30, 2012

	Program Services	Supporting Services	Total
Salaries and related expenses			
Salaries	\$ 5,851,665	\$ 1,338,371	\$ 7,190,036
Employee benefits, payroll taxes	1,359,053	291,113	1,650,166
Total salaries and related expenses	<u>7,210,718</u>	<u>1,629,484</u>	<u>8,840,202</u>
Other direct expenses:			
Building occupancy	956,247	83,604	1,039,851
Interest expense	337,171	-	337,171
Professional services	258,304	115,629	373,933
Travel	111,582	17,610	129,192
Equipment	100,480	14,729	115,209
Food Services	1,364,761	-	1,364,761
Medical and pharmacy	894,369	-	894,369
Insurance	237,290	19,417	256,707
Depreciation and amortization	881,475	98,371	979,846
Operating supplies & expenses	282,504	66,864	349,368
Other	113,018	-	113,018
Subcontractors	973,850	-	973,850
Total other direct expenses	<u>6,511,051</u>	<u>416,224</u>	<u>6,927,275</u>
Total operating expenses	<u>\$ 13,721,769</u>	<u>\$ 2,045,708</u>	<u>\$ 15,767,477</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statement of Functional Expenses
For The Year Ended June 30, 2011

	Program Services	Supporting Services	Total
Salaries and related expenses			
Salaries	\$ 5,652,359	\$ 1,465,810	\$ 7,118,169
Employee benefits, payroll taxes	1,393,155	309,210	1,702,365
Total salaries and related expenses	<u>7,045,514</u>	<u>1,775,020</u>	<u>8,820,534</u>
Other direct expenses:			
Building occupancy	904,047	67,355	971,402
Interest expense	267,164	33,088	300,252
Professional services	261,564	44,618	306,182
Travel	102,572	27,841	130,413
Equipment	86,224	31,691	117,915
Food services	1,337,642	-	1,337,642
Medical and pharmacy	894,390	-	894,390
Insurance	214,634	32,943	247,577
Depreciation and amortization	900,048	76,776	976,824
Operating supplies & expenses	273,774	90,301	364,075
Other	21,158	172,493	193,651
Subcontractors	1,289,414	-	1,289,414
Total other direct expenses	<u>6,552,631</u>	<u>577,106</u>	<u>7,129,737</u>
Total operating expenses	<u>\$ 13,598,145</u>	<u>\$ 2,352,126</u>	<u>\$ 15,950,271</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note A – Nature of Business and Organization

The Drug Abuse Comprehensive Coordinating Office, Inc., also known as DACCO (the “DACCO”) and its two wholly-owned subsidiaries, are not-for-profit organizations incorporated under the laws of the State of Florida to provide the community the highest quality substance abuse education, prevention, intervention and treatment services to assist individuals and families in leading drug-free, responsible, productive lives. The Organization provides service in Hillsborough County, Florida, and surrounding areas.

Drug Abuse Comprehensive Coordinating Office, Inc. (“Properties”) is a qualified active low income business formed on August 18, 2011 which owns a building and food service unit, which is leased and provided for use to DACCO for its operations. DACCO is the sole member of this entity.

Drug Abuse Comprehensive Coordinating Office Foundation, Inc. (“Foundation”) formed on August 22, 2011. DACCO is the sole member of this entity.

DACCO, Properties, and Foundation are hereinafter collectively referred to as the “the Organization.”

Note B – Significant Accounting Policies

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies, and uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, state, local government and public grants are recorded as revenue when performance occurs under the terms of the corresponding grant agreements.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of DACCO, Properties, and Foundation, which are under common ownership and management and are related in their operations. All significant intercompany balances and transactions have been eliminated in consolidation.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets
- Temporarily restricted net assets
- Permanently restricted net assets

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and certificates of deposit that are purchased with original maturities of three months or less.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note B – Significant Accounting Policies (continued)

Restricted Cash

As of June 30, 2012, the Organization had restricted cash of \$1,739,881 comprised of \$1,492,371 for the construction of a building, clients' residential funds of \$59,375, and mandatory sinking fund payments on its City of Tampa, Florida Variable Rate Demand Revenue Bonds (DACCO Project) of \$188,135.

As of June 30, 2011, the Organization had restricted cash of \$212,383 comprised of clients' residential funds of \$24,554, and mandatory sinking fund payments on its City of Tampa, Florida Variable Rate Demand Revenue Bonds (DACCO Project) of \$187,829.

The sinking fund payments are made monthly to a restricted Wells Fargo Bank N.A. bank account beginning September 1, 2010 and are to continue with principal payments being made on August 1st each year until August 1, 2015. Sinking fund payments escalate on a year-to-year basis during this period. The next principal payment due August 1, 2012 is payable in the amount of \$225,000 (See Note I). The following schedule details total monthly sinking fund payments for the years ending June 30:

	<u>Amount</u>
2013	\$ 245,830
2014	291,670
2015	320,830
2016	54,170
Total	<u>\$ 912,500</u>

The final sinking fund payment will be made August 1, 2015.

Accounts Receivable

Receivables consist of billings to clients for services, grant contract receivables, and contract amounts due from related parties. The Company performs periodic evaluations of the collectability of its receivables and does not require collateral on its accounts receivable. Losses on uncollectible receivables are provided for in the financial statements based on management's expectations. At June 30, 2012 and 2011, the Company recorded an allowance for doubtful accounts of approximately \$23,000 and \$46,000, respectively. Actual write-offs may exceed the allowance.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Income from investments is reflected net of related expenses.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note B – Significant Accounting Policies (continued)

Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization adopted the fair value option for financial assets and liabilities on July 1, 2008. This allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments, other than investments, at fair value, as permitted under the guidance. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Accounts Receivable - Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets – generally 3 to 40 years. Individual furniture and equipment items with an acquisition cost of less than \$500 are expensed when purchased.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note B – Significant Accounting Policies (continued)

Bond and Loan Issue Costs

Bond and loan issue costs are expenditures associated with issuing bonds or other notes payable, such as legal, accounting, underwriting, and commissions, which are deferred and amortized over the life of the bond or the related note payable. Loan issue cost amortization related to the New Market Tax Credit loan payable was capitalized following the Codification for *Capitalization of Interest*, for the period of construction for which the loan was obtained. Capitalized interest is reflected in work in process, which is recorded in Property and Equipment in the Statements of Financial Position.

Derivatives

For asset/liability management purposes, the Organization uses interest-rate swap agreements to hedge various exposures or to modify interest rate characteristics of its variable rate industrial revenue bond. Such derivatives are used as part of the asset/liability management process and are linked to specific assets or liabilities, and have high correlation between the contract and the underlying item being hedged, both at inception and throughout the hedge period.

The Organization utilizes interest-rate swap agreements to convert a portion of its variable-rate debt to a fixed rate. Interest-rate swaps are contracts in which a series of interest rate flows are exchanged over a prescribed period. The notional amount on which the interest payments are based is not exchanged.

The Organization recognizes the gain or loss on the interest-rate swap as a change in net assets in the period of change.

Restricted and Unrestricted Revenue and Support

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

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 or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note B – Significant Accounting Policies (continued)

Donated Services

Donated services must meet certain criteria in accounting for contributions received and contributions made in order to be recognized. The Organization participates in an alternative education program with the School Board of Hillsborough County, Florida (the “School Board”). The Organization provides space and resources to the program, and the School Board pays the salaries and fringe benefits of teachers that participate in the program. This activity is not recognized in the consolidated financial statements as in-kind contributions. In addition, individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized in the consolidated financial statements because they do not meet the criteria for recognition.

The Organization provided unreimbursed charity care to indigent clients in the community during the years ended June 30, 2012 and 2011 with an equivalent value of \$418,829 and \$967,800, respectively.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated to program and supporting services on the following basis:

- Management and general expenses are allocated on the basis of revenue and square footage
- Personnel expenses are allocated on the basis of direct salaries
- Building and occupancy costs, including related depreciation, are allocated on the basis of revenue and square footage
- Depreciation on the furniture and equipment is allocated on the basis of usage of the furniture and equipment

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note B – Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code (IRC) and from state corporate income tax under applicable Florida Statutes. In addition, the Organization qualifies for the charitable contribution deduction under IRC Section 170(b) (1) (A) and has been classified as an organization that is not a private foundation and has been designated a “publicly supported” organization.

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of June 30, 2012. Should the Organization’s tax-exempt status be challenged in the future, the Organization’s 2010, 2011, and 2012 tax years are open for examination by the IRS.

Fair Value Disclosures

The carrying amounts of cash and cash equivalents, accounts receivable, contract receivables, notes receivable, New Market Tax Credit loan receivable, accounts payable, accrued expenses, revenue bonds payable, and New Market Tax Credit loans payable approximate their fair values due to their short maturity or floating interest rate terms, as applicable.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain amounts reported for prior periods have been reclassified to be consistent with the current period presentation.

Note C – Description of Programs and Supporting Services

The following programs and supporting services are included in the accompanying consolidated financial statements:

Case Management

The Organization’s Case Management coordinates services, agencies, and resources to assist patients in achieving goals. Patients are assessed and recommended for appropriate treatment. Agencies referring patients to the Organization are periodically advised regarding the patient’s status in treatment based on confidentiality releases.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note C – Description of Programs and Supporting Services (continued)

Day Care

The Developmental Day Care program provides childcare services to infants, toddlers and preschoolers through two subcontracts with the Child Abuse Council and Hillsborough County Head Start. Mothers attending the Women's Outpatient Treatment Services program or Residential Treatment are priority for this service, but any community child is welcome in a slot with the goal of addressing developmental gaps or supplemental education prior to starting school.

Women's Day Treatment and Outpatient Services

The Organization's gender specific Women's Outpatient Treatment Services are for women who are pregnant or have children with the goal of stabilizing the family and, in some cases, working toward reunification. Services include intensive group therapy, family and individual counseling, parenting and life skills, child development and educational/vocational training, as well as psychiatric services for co-occurring patients.

Opiate Addictions Treatment Services

This program provides daily Medication Assisted Treatment using a variety of medications to detox or provide maintenance for patients addicted to an opiate. This harm reduction program is focused on stabilization of many patients who have been abusing and have become addicted to a prescription drug or other opiate with a focus on rehabilitation and stabilization.

Short Term Residential Treatment

This program offers a six-month intensive residential treatment, based on a modified therapeutic community model at three program sites. Services focus on criminal thinking, attitude changes, cognitive development, peer relationships and are enhanced by co-occurring services provided by University of Florida College of Medicine. General Educational Development (GED) Test preparation, vocational and employment readiness and assistance are also offered. The first two months consist of intensive residential treatment, while the last four months allow patients to work full-time, live at the facility and receive treatment during non-working hours.

Supported Apartments

This program assists patients recovering from substance abuse, who may be homeless after treatment by providing available apartments in a recovery community. The apartments are somewhat subsidized by the agency while individuals stabilize and usually share with another roommate.

Outpatient

This program offers drug education and individual, group and family counseling based on individually tailored treatment plans for patients with DUI's or other addictions related to issues for adults and youths.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note C – Description of Programs and Supporting Services (continued)

Prevention

This program includes school based programs, senior programs, young adult programs and family programs providing science based manualized drug education, individual and group counseling, family counseling, training peer mentors, referral services, aftercare and follow up services. Additionally, we are a leader in the Tampa Bay Community for HIV prevention and education and are using "environmental strategies" to change perception and behaviors of youth and young adults in our area.

Intervention

Basic drug education is provided for adolescent and adult patients based on a nationally developed intervention plan of goals and objectives. Screening as well as individual and group counseling services are provided. Using The National SBIRT Model, the Organization provides Outreach at Tampa General Hospital and other clinics to provide Screening, Brief Intervention, Referral and Treatment.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Management and General

DACCO is managed through leadership and an established three-year Strategic Plan developed and adopted by the Board of Trustees. The plan includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provides coordination with contracts and service delivery while securing proper administrative functioning. The Board regularly oversees the financial and budgetary responsibilities of the Organization.

Note D – Concentrations

Concentration of risk is the probability of loss attributable to the Organization's financial instruments. The Organization maintains cash balances in three financial institutions. At June 30, 2012 and 2011, cash balances exceeded federally insured limits and exposed the Organization to risk of loss.

Concentrations of credit risk with respect to receivables is limited since most of the receivables are owed from either the federal or state government, local governments, and other well established not-for-profit organizations.

The Organization relies on periodically renewed fees and grants from governmental agencies (principally from the State of Florida) for its primary support. The revenue from these sources represented 79% and 82%, respectively, of the Organization's fees for client services for the years ended June 30, 2012 and 2011.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note E – Single Donor Contribution and Notes Receivable

During fiscal year 2009, an unrelated not-for-profit organization transferred its assets by way of a Membership Transfer Agreement (the “MTA”) to the Organization. This MTA facilitated the transfer of cash of approximately \$723,000 which was received by the Organization during the year and two notes totaling \$688,150. The first note receivable for \$288,150 was originated on November 14, 2008 and matures on November 14, 2014. It is payable semi-annually with an effective interest rate of 10% per annum. The second note for \$400,000 becomes due and payable only in the event of a future sale. The Organization has not recorded the \$400,000 receivable because it is unlikely the event will materialize.

Note F – Property and Equipment

In July 2001, the Organization purchased land and buildings (Residential III site located at 3107 North 50th Street, Tampa, Florida) jointly with the Agency for Community Treatment Services, Inc. (ACTS). This agreement was amended August 6, 2012 to allow DACCO to recover its costs of construction associated with a new building being constructed on the property prior to a joint split of the sale proceeds. The remaining land and buildings are owned and occupied equally by both parties. Building maintenance is shared in accordance with the occupancy agreement.

Property and equipment along with the related accumulated depreciation consist of the following:

	2012	2011	Useful Life (Years)
Buildings and improvements	\$ 19,534,721	\$ 19,506,409	5 - 40
Land	2,302,604	2,300,381	
Furniture and equipment	2,078,326	2,055,519	3 - 20
Software	483,321	-	10
Motor vehicles	265,436	269,886	3 - 5
Work in process	363,793	-	
Leasehold improvements	4,144	2,362	10
	<u>25,032,345</u>	<u>24,134,557</u>	
Accumulated depreciation	<u>(5,510,493)</u>	<u>(4,553,527)</u>	
Property and equipment, net	<u>\$ 19,521,852</u>	<u>\$19,581,030</u>	

Depreciation expenses for the years ended June 30, 2012 and June 30, 2011 were \$961,867 and \$959,060, respectively.

Note G – Bond Issue Costs and Bond Amendment Costs

Bond issue costs represent expenditures incurred on bonds issued in connection with the DACCO Project (the DACCO Project) and loan costs from the New Market Tax Credit (NMTC) loan payable. See Note I for further details. Total DACCO Project bond issue costs of \$489,624 are being amortized over the life of the bond. The related amortization expense for the fiscal years ended June 30, 2012 and 2011 was \$18,431 and \$14,430, respectively.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note G – Bond Issue Costs and Bond Amendment Costs (continued)

DACCO Project amendment costs represent expenditures incurred when the DACCO Project was amended during fiscal 2011. The total costs associated with the amendment were \$100,000 and will be amortized over the remaining life of the bonds. The related amendment amortization expense for the fiscal years ended June 30, 2012 and 2011 was \$4,000 and \$3,334.

In August 2012, the Organization recorded NMTC loan payable costs of \$567,158 that are being amortized over the life of the loan. The related amortization expense for the fiscal years ended June 30, 2012 was \$16,069.

Note H – Investments

The Organization's investments as of June 30, 2012 and 2011 consist primarily of short-term fixed income certificate of deposits with maturity dates of less than 1 year, bear interest ranging from 2.85% to 3%, money market funds and mutual funds and are recorded at fair value. Investments are recorded at Level 1 within the fair value hierarchy; see Note B for fair value measurement disclosure.

The fair value of the Organization's investments consists of the following:

	2012 Market Value	2011 Market Value
Certificates of Deposits	\$ -	\$ 162,767
Mutual funds	1,597,867	-
Money market funds	10,454	-
	<u>\$ 1,608,321</u>	<u>\$ 162,767</u>

Investment income on the above investments for the years ended June 30, 2012 and June 30, 2011 was \$108,692 and \$25,995, respectively.

The Organization's Board of Trustees, at their August 25, 2011 board meeting, approved \$1,500,000 of contingency funds to be invested in a stock and bond mutual fund and managed by Florida Investment Advisors. The funds were invested according to the Organization's Investment Policy.

Note I – Long-Term Liabilities

DACCO Project

On August 1, 2007, the City of Tampa (the "Issuer") issued bonds in connection with the DACCO Project in the amount of \$16,325,000. The DACCO Project has a maturity date of August 1, 2035. The proceeds were used by the Organization to finance and reimburse the costs of acquiring, constructing, and equipping the facilities located at 4422 East Columbus Drive and making certain improvements to 3630 N. 50th Street, and 3107 N. 50th Street, all of them located within the limits of the City of Tampa, Florida.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note I – Long-Term Liabilities (continued)

On August 27, 2010 DACCO amended the (DACCO Project) with Wells Fargo Bank, National Association. As a result of the amendment, the Organization paid down \$1,225,000 of the outstanding principal balance, yielding a remaining balance of \$15,100,000. The DACCO Project will bear interest calculated as the sum of 65.7% of LIBOR plus 171 basis points, 360-day year base, floating daily. The interest rate on the bonds as of June 30, 2012 was 1.87%.

On August 24, 2011 DACCO amended the DACCO Project with Wells Fargo Bank, National Association. As a result of the amendment the Organization was allowed to undertake the necessary changes to the Organization to qualify for the New Market Tax Credits described in Note I. Associated with this amendment the organization was required to make a \$1,200,000 reduction in the outstanding bonds.

The DACCO Project bond includes certain affirmative covenants. The bonding covenants require that the Company maintain a Fund Flow Coverage Ratio of no less than 1.20 to 1.00; Liquidity requirement of no less than \$750,000 on deposit with Wells Fargo Bank N.A., and a ratio of total liabilities to tangible net worth of no more than 2.50 to 1.00. The Organization was in compliance with the covenants as of June 30, 2012.

Commencing on August 1, 2011, the organization began paying down the DACCO Project principal. The Organization made all scheduled payments during the year ended June 30, 2012. At June 30, 2012, principal maturities on the bonds are as follows:

Year Ending June 30	DACCO Project
2013	\$ 225,000
2014	250,000
2015	300,000
2016	325,000
2017	325,000
Thereafter	12,250,000
Total	<u>\$ 13,675,000</u>

The interest expense incurred by the Organization for fiscal years ended June 30, 2012 and 2011 was \$337,171 and \$300,252 of which \$302,585 and \$300,252 was related to the DACCO Project, respectively.

Deferred Payment Purchase Money Mortgage

During fiscal year 2009, through a program administered by Hillsborough County, the Department of Housing and Urban Development (“HUD”) granted the Organization a deferred payment loan in the amount of \$1,000,000 for the construction of a residential substance abuse/mental treatment center for low and moderate income persons known as the Columbus Campus. The term of this loan is forty years with zero percent interest. This loan is subordinate to the Organization’s obligations under the bonds noted above.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note I – Long-Term Liabilities (continued)

The payment of principal is deferred until December 31, 2047, at which time the amount will be forgiven if the Organization complies with the terms of the agreement. The loan would become payable in the event that the Organization does not remain owner, or if all or any part of the property or an interest therein is rented, leased, sold, mortgaged, liened, refinanced, foreclosed upon or otherwise transferred by the Organization without prior consent from HUD. In fiscal year 2010, the Organization expended the remaining available awarded funds of \$129,575 and received reimbursement for said expenditures in 2011.

Derivatives

On September 9, 2011, the Organization entered into a Rate Swap Agreement with a financial institution. Under the terms of the agreement, the Organization converted a notional value of \$7,437,500 of its DACCO Project Bonds Payable to a fixed rate of 2.476%. Approximately 50% of the outstanding bond's floating interest rate was hedged, which was the minimum required by the Letter of Credit Agreement. The agreement extends through January 27, 2015 with the notional value amortizing to a value of \$7,050,000 over the life of the agreement. At June 30, 2012, the fair value of the interest-rate swap agreement was at a loss of \$94,643 and has been reflected in the accompanying Statements of Activities and Derivative financial instrument in the accompanying Statements of Financial Position.

New Market Tax Credit

In August 2011, the Organization received \$10,000,000 in New Market Tax Credit Program (NMTC) financing as a qualified low income community investment within the meaning of Section 45D (g) of the Code. The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The purpose of this transaction was to finance, among other things, construction of additional improvements on certain of its real properties.

The transaction was structured with a combination of thirty year loans totaling \$10,000,000 from a CDE (NMTC Loans) which were provided to Properties and recorded in the accompanying Statements of Financial Position as the New Market Tax Credit loans payable. Properties is a qualified active low-income community business, as that term is defined in the Section 45D (g). The NMTC Loans are interest only at a rate of 2.2702% payable for the first seven years which is considered to be the recapture period. The loan is not eligible to be repaid during this recapture period. Properties used \$6,115,776 and \$1,473,149 of the funds to purchase DACCO's Columbus location and Food Service Business, respectively. In turn, DACCO leased back the Columbus facility and made a \$5,979,397 contribution to Foundation. Foundation utilized those funds to make a thirty year loan at an interest rate of 1% to an investment fund sponsoring the transaction. The note receivable is recorded in the accompanying Statements of Financial Position as the New Market Tax Credit loan receivable. For the year ended June 30, 2012, the Organization paid \$157,554 in NMTC interest expense; of this amount \$124,088 was capitalized as work in process.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note I – Long-Term Liabilities (continued)

DACCO, Properties, and Foundation are each guarantors of the payment and performance of the obligations to US Bancorp Community Development Corporation (“USBCDC”). These guaranties include, without limitation, the payment of the NMTC Guaranteed Amount. The NMTC Guaranteed Amount is the sum of the NMTC Recapture Amount (equal to the sum of Recaptured New Markets Tax Credits, Disallowed New Markets Tax Credits and any amount necessary to cause USBCDC to have received an Internal Rate of Return of 9.95% on an after-tax basis) and any additional federal tax liability, interest and penalties of USBCDC resulting from any NMTC Recapture Event. For purposes of this transaction a NMTC Recapture Event is a narrowly defined set of events that DACCO has control over that would cause or result in a recapture, loss or disallowance of all or any portion of the New Markets Tax Credits pursuant to Section 45D(g) of the Code, the Treasury Regulations or the Florida NMTC Act.

After the seven year recapture period term, the CDE is expected to “put” its interest in the transaction entities to DACCO at a price equal to \$1,000. In the event that the CDE does not put its interest in the entities to DACCO, DACCO has call options on the entities at fair market value. In conjunction with this event, Federal Sub-CDE will be liquidated and its assets distributed to the Federal Investment Fund.

Likewise, after the seven-year NMTC period expires, the Foundation will exercise its call option to buy the State Investment Fund's ownership interest in the State Sub-CDE, for a predetermined amount. The Call Price will be payable by Foundation first by forgiving the aggregate amount of the outstanding principal and accrued interest on the \$5,979,397 note receivable. In conjunction with this event, the State Investment Fund and State Sub-CDE will be liquidated and all assets distributed to the Foundation.

Immediately after the exit transactions are completed, the Foundation will be the holder of Properties’ notes payable and, as such, the notes payable will be eliminated in the consolidated financial statements. It is anticipated that the notes payable will be discharged. The Organization anticipates receiving a net benefit from the results of these transactions of approximately \$4,000,000, net of transaction costs.

Note J – Related Party Transactions

The Organization is a participant in the Central Florida Behavioral Health Network (the “Network”), a behavioral health collaborative currently serving Hillsborough, Manatee, Pasco, Pinellas, Polk, Sarasota and De Soto counties. The Network was established to meet the challenges and opportunities in managed care and to improve service through a strong collaboration of providers. As a member, the Organization’s Chief Executive Officer serves on the Board of Directors. The Florida Department of Children and Families funds the Network. The Organization contracts with the Network to provide prevention, intervention and treatment services.

For the years ended June 30, 2012 and 2011 the Organization received or accrued \$4,729,424 and \$4,814,757, respectively, for services provided to the Network, net of fees. At June 30, 2012 and 2011, the Network owed \$441,658 and \$497,310 respectively, to the Organization.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note K – Retirement Plan

The Organization has implemented a defined contribution retirement plan as allowed under Section 403(b) of the Internal Revenue Code. This plan provides a defined contribution and a deferred compensation retirement arrangement for substantially all of its employees. Beginning July 1, 2009, the Organization modified the retirement plan policy. The Organization makes matching contributions to Plan participants. The Organization's retirement plan contribution for the years ended June 30, 2012 and 2011, totaled \$102,647 and \$100,921, respectively. Employees become eligible after one year of employment, and are 20% vested in their accumulated benefits after two years of service with an additional 20% vesting for each additional year of service, until fully vested.

Note L – Federal and State Support Requiring a Match

During the years ended June 30, 2012 and 2011, DACCO received support from federal and state agencies. Contracts are renegotiated annually. The income from these contracts is earned by providing services to clients. Based on total amounts awarded, local matching contributions of approximately \$429,000 and \$467,000 were required for contract periods ended June 30, 2012 and 2011, respectively.

DACCO incurred and funded allowable program costs in excess of these match requirements.

Note M – Commitments and Contingencies

Facilities

The Organization is committed under a 10 year non-cancellable operating lease for office space with Oakfield Properties Limited, on August 1, 2010. The lease will terminate on July 1, 2020. Rent expense for the fiscal years ended June 30, 2012, and June 30, 2011 was \$59,077 and \$64,013, respectively.

Future minimum rental payments for each of the next five years at June 30, 2012 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 59,607
2014	59,792
2015	61,822
2016	62,006
2017	64,036
Thereafter	202,642
	<u>\$ 509,905</u>

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Notes to Consolidated Financial Statements June 30, 2012 and 2011

Note M – Commitments and Contingencies (continued)

Mortgage Lien

The Organization has entered into certain fixed capital outlay grants. These particular grant contracts support new construction of housing units, or rehabilitation of existing housing units, to assist in the development of transitional housing for certain eligible individuals. The awards under the grants were contingent upon the Organization granting to the State of Florida a security interest in each of the properties to be improved in an amount at least equal to the amount of state funds provided. The term of the security interest typically lasts for approximately ten years commencing on the date of purchase of the property or completion of improvements of said property as directed by the grant contract. The security interests are proportionately reduced over the ten year period. The Organization did not record the mortgage liens that were secured and recorded under these contracts as liabilities since it is probable that the Organization will retain title to the properties and use them for their intended purpose at least until the security interests have been satisfied. Should the Organization not adequately perform under the contracts, the mortgage liens could become immediately due and payable. The mortgage liens are set to mature July 11, 2018.

Note N – Donated Services, Property and Equipment

Food in-kind donations in the form of Food Stamps from the Florida Department of Children and Families are included in the consolidated financial statements. For the fiscal years ended June 30, 2012 and 2011, the amounts donated were \$213,517 and \$243,308, respectively.

Note O – Reserve Fund

On May 25, 2006, the Board of Trustees (the “Board”) established a reserve fund in the amount of \$500,000. In fiscal year 2009, the Board designated an additional \$1,011,427 for future contingencies. These reserve funds remained unchanged for fiscal years ended June 30, 2012 and 2011. The Board can re-designate these funds at any time. In addition, there is no restriction on the Board’s movement of these funds.

Note P – Subsequent Events

Management has assessed subsequent events through November 8, 2012, the date on which the consolidated financial statements were available to be issued.

Supplemental Information

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Pass-through Grantor's Number	Federal Expenditures
Federal Grantors:			
U.S. Department of Housing and Urban Development:			
Passed through the city of Tampa, Florida			
Drug treatment program	14.218	B-10-MC-12-0020	\$ 39,390
Total U.S. Department of Housing and Urban Development			<u>39,390</u>
U.S. Department of Justice:			
Passed through DACCO			
Weed & seed communities	16.595	210-WX-QX-0118	95,772
Passed through Hillsborough County			
American Recovery and Reinvestment Act - Edward Byrne Memorial Justice Assistance Grant	*16.803		192,094
American Recovery and Reinvestment Act - Edward Byrne Memorial Justice Assistance Grant	*16.803		505,133
Total US Department of Justice			<u>792,999</u>
U.S. Department of Transportation:			
Passed through the Florida Department of Transportation			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	Section 5310	44,236
Total US Department of Transportation			<u>44,236</u>
U.S. Department of Veterans Affairs:			
Passed through James A. Haley VA Tampa, FL -			
Supported living care	64.VA248P0604	VA 248-P0604	108,039
VA Halfway House	64.VA24810RQ	VA 248-10-RQ	35,738
Total US Department of Veterans Affairs			<u>143,777</u>
U.S. Department of Health and Human Services:			
Passed through Hillsborough County, Florida, Board of County Commissioners			
Title I of the Ryan White Care Act	93.914	10-0227	105,728
Title I of the Ryan White Care Act	93.914	02-0218	33,245
Part A of the Ryan White Care Act	93.914	09-0160	43,755
Sub-total			<u>182,728</u>
Passed through the Department of Children and Families			
Substance abuse and mental health services	93.243	LD814	30,833
Sub-total			<u>30,833</u>
Passed through the Central Florida Behavioral Health Network			
Temporary assistance for needy families	93.558	CF2009-1003R	372,737
Sub-total			<u>372,737</u>
Passed through Hillsborough County, Florida, Board of County Commissioners			
Community Services Block Grant - substance abuse treatment program	93.569		35,240
Sub-total			<u>35,240</u>
Passed through 13th Judicial Circuit			
Substance abuse treatment capacity for adults drug courts	93.243		144,649
Sub-total			<u>144,649</u>
Passed through the Central Florida Behavioral Health Network			
Block Grants for community mental health services:			
Prevention and treatment of substance abuse-adult substance abuse services	93.958	CF2010-1003R	31,021
Sub-total			<u>31,021</u>
Adult's substance abuse services	*93.959	CF2010-1003R	48,476
Adult's substance abuse services	*93.959	CF2010-1003R	1,013,146
Adult's substance abuse services	*93.959	CF2010-1003R	7,462
Adult's substance abuse services	*93.959	CF2010-1003R	195,527
Adult's substance abuse services	*93.959	CF2010-1003R	394,547
Adult's substance abuse services	*93.959	CF2008-1003R	47,449
Sub-total			<u>1,706,607</u>

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Pass-through Grantor's Number	Federal Expenditures
Block Grants for prevention and treatment of substance abuse			
Prevention and treatment of substance abuse-children's substance abuse services	*93.959	CF2010-1003R	715,444
Sub-total			<u>715,444</u>
Substance abuse and mental health services	93.275	1221-1009-00-B	92,566
Sub-total			<u>92,566</u>
Passed through Hillsborough County			
Enhance the safety of children affected by parental meth or other substance abuse	93.087		329,360
Sub-total			<u>329,360</u>
Passed through the Department of Children and Families			
Prevention Partnership Grant 4	*93.PPG04	PPG04	152,381
Prevention Partnership Grant 6	*93.PPG06	PPG06	124,192
Sub-total			<u>276,573</u>
Total U.S. Department of Health and Human Services			<u>3,917,758</u>
Total federal awards			<u>\$ 4,938,160</u>

* Major program

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2012

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Pass-through Grantor's Number	Expenditure State Awards
State Grantors:			
Florida Department of Children and Families			
Passed through the Central Florida Behavioral Health Network			
Substance abuse treatment and aftercare services for children	60.030	CF2010-1003R	\$ 411,360
Substance abuse prevention services for adults	60.032	CF2011-1003R	4,866
Substance abuse treatment and aftercare services for adults	60.033	CF2011-1003R	845,087
Adult community mental health - community support services	60.053	CF2011-1003R	129,643
Children's substance abuse - special projects - treatment and aftercare	60.102	CF2009-1003R	243,305
Total Florida Department of Children's and Families			<u>1,634,261</u>
Florida Department of Corrections			
Substance abuse services for non-secure residential treatment	*70.016	C2412	1,433,541
Substance abuse services for non-secure residential treatment- dually diagnosed	*70.016	C2412	208,275
Non-secure residential treatment services	*70.016	C2605	600,000
DOC Prison Diversion Program	*70.016	C2640	525,000
Total Florida Department of Corrections			<u>2,766,816</u>
Total state financial assistance			<u>\$ 4,401,077</u>

*-Major project

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Local and Other Awards
For the Year Ended June 30, 2012

<u>Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Local and Other Expenditures</u>
<u>Board of County Commissioners, Hillsborough County, Florida</u>		
Adult alternatives to incarceration		
Residential treatment	07-1381	\$ 540,718
Dually diagnosed/residential treatment	07-1381	248,351
Total Board of County Commissioners, Hillsborough County, Florida		<u>789,069</u>
<u>Children's Board of Hillsborough County, Florida</u>		
Family centered substance abuse services (FCSAS)	C01-60600-201-004-01500-000230-12	769,879
Family centered substance abuse services (FCSAS)	C01-60600-201-004-01500-000230-11	297,358
Family enrichment support services (FESS)	N01-60600-201-004-01500-212670-11	13,900
Family enrichment support services (FESS)	N01-60600-201-004-01500-212670-12	35,687
Total Children's Board of Hillsborough County, Florida		<u>1,116,824</u>
<u>Hillsborough County School Board</u>		
Fiscal year 2011		50,000
Total Hillsborough County School Board		<u>50,000</u>
<u>Hillsborough County Court System</u>		
Drug Court Treatment and Rehabilitation Program		124,264
Family Dependency Drug Court		94,035
Drug Court Treatment and Rehabilitation Program		48,468
Total Hillsborough County Court System		<u>266,767</u>
<u>United Way Contributions</u>		
United Way - Hillsborough County		<u>276,442</u>
Grand totals		<u>\$ 2,499,102</u>

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Schedule of State Earnings for Alcohol, Drug Abuse and Mental Health Services (ADM) For the Year Ended June 30, 2012

Total expenditures	\$	15,767,477
Less :		
Other state and federal funds		(9,339,236)
Non-match substance abuse and mental health funds		(3,491,710)
Unallowable costs per 65E-14, Florida administrative code		
Total allowable expenditures	\$	<u>2,936,531</u>
Maximum available earnings	\$	<u>2,202,398</u>
Amount of state funds requiring match	\$	<u>421,213</u>
Amount due to the state	\$	<u></u>

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Schedule of Related Party Transaction Adjustments For the Year Ended June 30, 2012

	Allocation of Related Party Transaction Adjustment				
	Related Party	State Designated Cost Centers			Total
		1	2	3	
Revenues from grantee	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	-	-	-	-	-
Services	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total revenue from grantee	-	-	-	-	-
Expenses associated with grantee					
Transactions	-	-	-	-	-
Personnel services	-	-	-	-	-
Depreciation	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total associated expenses	-	-	-	-	-
Related party transaction adjustment	\$ -	\$ -	\$ -	\$ -	\$ -

Note: No related party transactions occurred that require adjustments in this schedule

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Bed-Day Availability Payments
For the Year Ended June 30, 2012

Program A	Cost Center B	State Contracted Rate C	Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts, Local Government, 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
Children's MH	Crisis Stabilization Unit	\$ -	-	-	-	-	-	\$ -
Adult MH	Crisis Stabilization Unit	\$ -	-	-	-	-	-	-
Children's SA	Substance Abuse Detox	\$ -	-	-	-	-	-	-
Adult SA	Substance Abuse Detox	\$ -	-	-	-	-	-	-
Adult MH	Short-term Residential Treatment	\$ -	-	-	-	-	-	-
Total Amount Owed to Department								\$ -

Note: No bed day transactions occurred that require disclosure in this schedule.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Program/Cost Center Actual Expenses and Revenues Schedule
For the Year Ended June 30, 2012

	Intervention	Prevention	Outpatient -	Outpatient -	Prevention	Residential	Aftercare/ Recovery	Medical
	C1	C2	Group	Individual	C5	Level II	Support	Services
	C1	C2	C3	C4	C5	C6	C7	C8
Funding sources and revenues:								
Total state substance abuse and mental health funding								
From the district funding this contract	\$ 902,610	\$ 32,181	\$ 361,403	\$ 367,367	\$ 1,089,484	\$ 1,023,289	\$ 114,000	\$ 63,567
From other districts	-	-	-	-	-	-	-	-
Total state substance abuse and mental health funding	902,610	32,181	361,403	367,367	1,089,484	1,023,289	114,000	63,567
Other government funding								
Other state agency funding	-	-	-	-	-	2,766,815	-	-
Medicaid	-	-	154,451	68,791	-	-	-	-
Local government	-	-	29,658	31,157	-	789,069	13,120	-
Federal grants and contracts	-	-	55,866	115,572	6,522	718,257	-	-
In-kind from local government only	-	-	-	-	-	-	-	-
Total other governmental funding	-	-	239,975	215,520	6,522	4,274,141	13,120	-
All other revenues								
1st & 2nd party payments	-	-	182,172	182,172	-	-	-	-
3rd party payments (except Medicare)	-	-	16,466	16,466	-	36,102	-	-
Medicare	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
In-kind	-	-	-	-	-	-	-	-
Total all other revenue	-	-	198,638	198,638	-	36,102	-	-
Total funding	\$ 902,610	\$ 32,181	\$ 800,016	\$ 781,525	\$ 1,096,006	\$ 5,333,532	\$ 127,120	\$ 63,567
Expense categories:								
Personnel expenses								
Salaries	331,431	11,816	293,759	286,969	402,444	1,958,427	46,677	23,341
Fringe benefits	76,975	2,744	68,226	66,649	93,468	454,846	10,841	5,421
Total personnel expenses	408,406	14,560	361,985	353,618	495,912	2,413,273	57,518	28,762
Other expenses								
Building occupancy	104,086	3,711	92,255	90,123	126,388	615,046	14,659	7,330
Professional services	13,299	474	11,787	11,515	16,148	78,584	1,873	937
Travel	5,454	194	4,834	4,722	6,623	32,228	768	384
Equipment	5,691	203	5,044	4,928	6,910	33,629	802	401
Food services	-	-	-	-	-	579,320	-	-
Medical and pharmacy	50,656	1,806	44,898	43,860	61,510	299,326	7,134	3,567
Subcontracted services	-	-	-	-	-	-	-	-
Insurance	13,440	479	11,912	11,637	16,319	79,416	1,893	947
Interest paid	17,138	611	15,190	14,839	20,810	101,269	2,414	1,207
Operating supplies & expenses	15,166	541	13,443	13,132	18,416	89,619	2,136	1,068
Other	7,293	260	6,464	6,315	8,856	43,096	1,027	514
Donated items	-	-	-	-	-	-	-	-
Total other expenses	232,223	8,279	205,827	201,071	281,980	1,951,533	32,706	16,355
Total personnel and other expenses	640,629	22,839	567,812	554,689	777,892	4,364,806	90,224	45,117
Distributed indirect costs								
Other support costs (optional)	-	-	-	-	-	-	-	-
Administration	123,299	4,396	109,284	106,758	149,717	728,573	17,365	8,683
Total distributed indirect costs	123,299	4,396	109,284	106,758	149,717	728,573	17,365	8,683
Total operating expenses	763,928	27,235	677,096	661,447	927,609	5,093,379	107,589	53,800
Unallowable costs								
Unallowable costs	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 763,928	\$ 27,235	\$ 677,096	\$ 661,447	\$ 927,609	\$ 5,093,379	\$ 107,589	\$ 53,800

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Program/Cost Center Actual Expenses and Revenues Schedule
For the Year Ended June 30, 2012

Methadone	Day Night	Case		Supported	Information	Incidentals	Day Care	Total for State		Total
		Management	Outreach					Designated Cost	Non-SAMH	
C9	C10	C11	C12	C13	C14	C15	C16	D	E	(D+E) F
\$ 80,785	\$ 74,284	\$ 206,469	\$ 255,211	\$ 126,185	\$ 38,607	\$ 1,200	\$ -	4,736,642	\$ (39,094)	\$ 4,697,548
80,785	74,284	206,469	255,211	126,185	38,607	1,200	-	4,736,642	(39,094)	4,697,548
	346							2,767,161	76,112	2,843,273
872,699	46,566							1,142,507	25,555	1,168,062
	20,100							883,104	1,343,655	2,226,759
135,496	13,052							1,044,765	746,777	1,791,542
1,008,195	80,064							5,837,537	2,192,099	8,029,636
659,133								1,023,477	142,405	1,165,882
156,701								225,735	50,000	275,735
									69,994	69,994
									1,433,935	1,433,935
									213,517	213,517
815,834								1,249,212	1,909,851	3,159,063
\$ 1,904,814	\$ 154,348	\$ 206,469	\$ 255,211	\$ 126,185	\$ 38,607	\$ 1,200	\$ -	\$ 11,823,391	\$ 4,062,856	15,886,247
699,431	56,675	75,814	93,711	46,334	14,176	441	-	4,341,446	1,510,219	5,851,665
162,443	13,163	17,608	21,765	10,761	3,292	102	-	1,008,304	350,749	1,359,053
861,874	69,838	93,422	115,476	57,095	17,468	543	-	5,349,750	1,860,968	7,210,718
219,657	17,799	23,809	29,430	14,551	4,452	138	-	1,363,434	474,288	1,837,722
28,065	2,274	3,042	3,760	1,859	569	18	-	174,204	84,100	258,304
11,510	933	1,248	1,542	762	233	7	-	71,442	40,140	111,582
12,010	973	1,302	1,609	796	243	8	-	74,549	25,931	100,480
								579,320	785,441	1,364,761
106,901	8,662	11,587	14,323	7,082	2,167	67	-	663,546	230,823	894,369
									973,850	973,850
28,363	2,298	3,074	3,800	1,879	575	18	-	176,050	61,240	237,290
36,167	2,931	3,920	4,846	2,396	733	23	-	224,494	112,677	337,171
32,006	2,593	3,469	4,288	2,120	649	20	-	198,666	83,838	282,504
15,391	1,247	1,668	2,062	1,020	312	10	-	95,535	17,483	113,018
490,070	39,710	53,119	65,660	32,465	9,933	309	-	3,621,240	2,889,811	6,511,051
1,351,944	109,548	146,541	181,136	89,560	27,401	852	-	8,970,990	4,750,779	13,721,769
260,202	21,084	28,204	34,862	17,237	5,274	164	-	1,615,102	430,606	2,045,708
260,202	21,084	28,204	34,862	17,237	5,274	164	-	1,615,102	430,606	2,045,708
1,612,146	130,632	174,745	215,998	106,797	32,675	1,016	-	10,586,092	5,181,385	15,767,477
\$ 1,612,146	\$ 130,632	\$ 174,745	\$ 215,998	\$ 106,797	\$ 32,675	\$ 1,016	\$ -	\$ 10,586,092	\$ 5,181,385	\$ 15,767,477



Barley | McNamara | Wild | Martin
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audits of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of
Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Tampa, FL

We have audited the consolidated financial statements of Drug Abuse Comprehensive Coordinating Office, Inc. and Affiliates (“DACCO” or the “Organization”), as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated November 8, 2012. We conducted our audits 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

Management of DACCO is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the Organization’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization’s 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 entity’s consolidated 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 the Organization's Board of Trustees, management, federal awarding agencies, and state funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Barley, McNamee, Wild, Martin

Tampa, Florida
November 8, 2012



Barley | McNamara | Wild | Martin
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

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 of the State of Florida

To the Board of Trustees of
Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Tampa, FL

Compliance

We have audited the Drug Abuse Comprehensive Coordinating Office, Inc. and Affiliates' ("DACCO" or the "Organization"), compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement, the Florida Single Audit Act*, Section 215.97, Florida Statutes, and the requirements described in the *Chief Financial Officer of the Governor's State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended June 30, 2012. The Organization's major federal programs and major 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 major state projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's 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; the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and Chapter 10.650, Rules of the Auditor General of the State of Florida. 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 major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with this 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 on the Organization's compliance with those requirements.

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 and major state projects for the year ended June 30, 2012.

Internal Control over Compliance

The management of the Organization 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 Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program and/or major state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida, 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 Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program 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 would not necessarily identify all deficiencies in internal control that might be 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 the Organization's Board of Trustees, management, federal awarding agencies, and state funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Barley, McNamee, Wild, Martin

Tampa, Florida
November 8, 2012

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Schedule of Findings and Questioned Costs June 30, 2012

Section 1 – Summary of Auditors’ Results

<u>Consolidated Financial Statements</u>	<u>Results</u>
Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to consolidated financial statements noted?	No

	<u>Federal Awards</u>	<u>State Projects</u>
Internal control over major programs:		
Material weakness identified?	No	No
Significant deficiencies identified not considered to be a material weakness?	None reported	None reported
Type of auditors’ report issued on compliance for major programs:	Unqualified	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, section 510(a) or provisions of Chapter 10.650, Rules of Auditor General of the state of Florida?	No	No

Identification of Major Federal Programs and Major State Projects:

<u>CFDA</u>	<u>Name of Federal Program</u>
16.803	ARRA-Edward Byrne Memorial (JAG) – ITN Drug Court
93.959	Block Grants for Prevention and Treatment of Substance Abuse

<u>CSFA</u>	<u>Name of State Project</u>
70.016	Non-Secure Residential Treatment Services/Intervention, Outpatient, and Aftercare Services

	<u>Federal Awards</u>	<u>State Projects</u>
Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000	\$ 300,000
Auditee qualified as low-risk auditee?	Yes	N/A

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates

Schedule of Findings and Questioned Costs

June 30, 2012

Section 2 – Consolidated Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the consolidated financial statements for which *Government Auditing Standards* requires a reporting in a Circular A-133 audit.

Prior Year Audit Findings

No matters were reported.

Section 3 – Federal Awards Findings and Questioned Costs

This section identifies the audit findings required to be reported by section 510(a) of Circular A-133 as well as any abuse findings involving federal awards that is material to a major program. There were no instances of abuse found as a result of our audit procedure.



Barley | McNamara | Wild | Martin
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

“Management Letter”

Based on Rule 10.654(1) (e) of the Rules of Auditor General of the State of Florida

To the Board of Trustees of
Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Tampa, FL

We have audited the consolidated financial statements of the Drug Abuse Comprehensive Coordinating Office, Inc. and Affiliates (“DACCO” or the “Organization”), as of and for the fiscal years ended June 30, 2012 and 2011, and have issued our report thereon dated November 8, 2012.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. We have issued our Independent Auditors’ Report on Internal control over Financial Reporting and Compliance and Other Matters, Independent Auditors’ Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 8, 2012, should be considered in conjunction with this management letter.

Additionally, our audits were conducted in accordance with Chapter 10.650, Rules of the Auditor General which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse that has an effect on the consolidated financial statements or state project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the consolidated financial statements or state project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audits, no matters are required to be disclosed.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record at its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specific parties.

Barley, McNamara, Wild, Martin

Tampa, Florida
November 8, 2012