

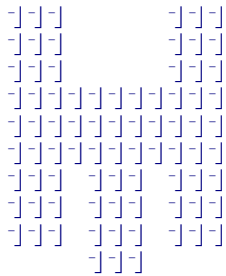
DRUG ABUSE TREATMENT ASSOCIATION, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended
June 30, 2012
(with comparable totals for 2011)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Drug Abuse Treatment Association, Inc.
Jupiter, Florida

We have audited the accompanying statement of financial position of Drug Abuse Treatment Association, Inc., (a non-profit organization) as of June 30, 2012, and the related statements of activities, cash flows and functional expenses, for the year then ended. These financial statements are the responsibility of Drug Abuse Treatment Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Drug Abuse Treatment Association, Inc.'s 2011 financial statements, and in our report dated November 28, 2011 we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Drug Abuse Treatment Association, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 financial statements referred to above present fairly, in all material respects, the financial position of Drug Abuse Treatment Association, Inc.'s as of June 30, 2012, and the changes in its net assets and its 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 26, 2012 on our consideration of Drug Abuse Treatment Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Drug Abuse Treatment Association, Inc. as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance 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 Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the basic financial statements. In addition, the schedules of state earnings, actual funding sources and revenues, and actual expenses are presented for purposes of additional analysis, and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 26, 2012

DRUG ABUSE TREATMENT ASSOCIATION, INC.

**STATEMENT OF
FINANCIAL POSITION**

As of June 30, 2012

(with comparable totals for 2011)

ASSETS	2012	2011
Cash and cash equivalents	\$ 100,543	\$ 113,210
Cash and cash equivalents, designated for capital improvements	484,893	503,570
Certificates of deposit	1,351,231	1,333,082
Grants and other receivables	785,510	773,507
United Way allocation receivable	144,000	131,250
Prepaid expenses	97,999	58,250
Other assets	4,330	5,604
Property and equipment, net	478,577	460,986
Total assets	\$ 3,447,083	\$ 3,379,459
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 60,876	\$ 66,647
Accrued expenses	5,162	9,029
Pension payable	303,858	286,896
Paid time off payable	162,861	157,041
Accrued wages	124,645	105,743
Total liabilities	657,402	625,356
Net assets:		
Unrestricted:		
Property and equipment	478,577	460,986
Designated for capital improvements	484,893	503,570
Other unrestricted	1,682,211	1,658,297
Total unrestricted net assets	2,645,681	2,622,853
Temporarily restricted	144,000	131,250
Total net assets	2,789,681	2,754,103
Total liabilities and net assets	\$ 3,447,083	\$ 3,379,459

See accompanying notes to financial statements.

DRUG ABUSE TREATMENT ASSOCIATION, INC.

**STATEMENT OF
ACTIVITIES**

For the Year Ended June 30, 2012

(with comparable totals for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
Revenues and support:				
Government grants and contracts	\$ -	\$ 4,488,341	\$ 4,488,341	\$ 4,479,725
Teachers and schools program	-	130,636	130,636	164,735
Contributed use of facilities	-	278,240	278,240	215,702
Program service fees	148,050	-	148,050	176,601
Contributions-direct	18,575	-	18,575	48,057
United Way allocation	94,796	144,000	238,796	221,241
Interest income	19,641	-	19,641	23,293
	<u>281,062</u>	<u>5,041,217</u>	<u>5,322,279</u>	<u>5,329,354</u>
Total revenues and support				
Net assets released from restrictions	<u>5,028,467</u>	<u>(5,028,467)</u>	<u>-</u>	<u>-</u>
	<u>5,309,529</u>	<u>12,750</u>	<u>5,322,279</u>	<u>5,329,354</u>
Expenses:				
Program services:				
Residential	1,866,799	-	1,866,799	1,847,098
Outpatient	454,400	-	454,400	429,574
TASC	156,138	-	156,138	146,242
On site	487,896	-	487,896	396,202
Outreach	698,801	-	698,801	740,050
Prevention	491,007	-	491,007	589,614
Medical services	42,214	-	42,214	80,130
Project success	308,191	-	308,191	315,881
Clinical supervision	3,173	-	3,173	2,720
Incidentals	2,000	-	2,000	2,006
Aftercare	99,960	-	99,960	58,289
	<u>4,610,579</u>	<u>-</u>	<u>4,610,579</u>	<u>4,607,806</u>
Total program services				
Supporting services:				
Administrative and general	<u>676,122</u>	<u>-</u>	<u>676,122</u>	<u>672,892</u>
	<u>5,286,701</u>	<u>-</u>	<u>5,286,701</u>	<u>5,280,698</u>
Total expenses				
Change in net assets	22,828	12,750	35,578	48,656
Net assets, beginning	<u>2,622,853</u>	<u>131,250</u>	<u>2,754,103</u>	<u>2,705,447</u>
Net assets, end	<u>\$ 2,645,681</u>	<u>\$ 144,000</u>	<u>\$ 2,789,681</u>	<u>\$ 2,754,103</u>

See accompanying notes to financial statements.

DRUG ABUSE TREATMENT ASSOCIATION, INC.

**STATEMENT OF
CASH FLOWS**

For the Year Ended June 30, 2012

(with comparable totals for 2011)

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash received from government grants and contracts	\$ 4,476,339	\$ 4,491,165
Cash received from program fees	148,050	176,601
Cash received from contributions and support	244,621	238,054
Cash paid to suppliers and employees	(4,818,333)	(4,842,359)
Interest income	19,641	23,293
Net cash provided by operating activities	<u>70,318</u>	<u>86,754</u>
Cash Flows from Investing Activities:		
Change in cash and cash equivalent designated for capital improvements	18,677	(37,261)
Purchase of certificates of deposit	(18,149)	(20,773)
Purchase of property and equipment	(83,513)	(23,385)
Net cash used in investing activities	<u>(82,985)</u>	<u>(81,419)</u>
Net change in cash	(12,667)	5,335
Cash and cash equivalents, beginning	<u>113,210</u>	<u>107,875</u>
Cash and cash equivalents, end	<u>\$ 100,543</u>	<u>\$ 113,210</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 35,578	\$ 48,656
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,922	60,647
Decrease (increase) in certain assets:		
Grants and other receivables	(12,003)	14,362
United Way allocation receivable	(12,750)	(31,244)
Prepaid expenses	(39,749)	9,483
Other assets	1,274	3,550
Increase (decrease) in certain liabilities:		
Accounts payable	(5,771)	6,281
Accrued expenses	(3,867)	2,716
Pension payable	16,962	35,888
Paid time off payable	5,820	(7,676)
Accrued wages	18,902	(55,909)
Net cash provided by operating activities	<u>\$ 70,318</u>	<u>\$ 86,754</u>

See accompanying notes to financial statements.

DRUG ABUSE TREATMENT ASSOCIATION, INC.

For the Year Ended June 30, 2012

	Program Services					
	SAMH Contracts					
	Residential	Outpatient	TASC	On site	Outreach	Prevention
Personnel expenses:						
Salaries and wages	\$ 938,448	\$ 264,603	\$ 104,084	\$ 302,932	\$ 465,132	\$ 320,045
Fringe benefits	290,239	86,694	35,709	107,879	156,165	87,134
Total personnel expenses	1,228,687	351,297	139,793	410,811	621,297	407,179
Operating expenses:						
Building and occupancy	170,481	33,942	10,956	60,333	35,551	41,781
Professional fees	18,862	7,663	1,159	3,817	5,421	6,053
Donated services	130,636	-	-	-	-	-
Travel	18,954	2,791	1,639	2,554	15,570	4,761
Equipment costs	15,045	6,645	-	335	925	2,028
Food costs	122,189	-	-	-	-	-
Medical/pharmacy	-	-	-	-	1,697	-
Insurance	41,050	3,155	309	2,930	4,767	9,754
Operating supplies and expenses	72,765	36,469	2,282	7,116	13,573	19,451
Depreciation expense	48,130	12,438	-	-	-	-
Total operating expenses	638,112	103,103	16,345	77,085	77,504	83,828
Total expenses	\$ 1,866,799	\$ 454,400	\$ 156,138	\$ 487,896	\$ 698,801	\$ 491,007

See accompanying notes to financial statements.

**STATEMENT OF
FUNCTIONAL EXPENSES**

(with comparable totals for 2011)

		Program Services								
		SAMH Contracts					Total			
Medical	Project	Clinical	Incidentals	Aftercare	Program	Administrative	2012	2011		
Services	Success	Supervision			Services	and General	Total	Total		
\$ 15,984	\$ 160,002	\$ 2,600	\$ -	\$ 62,476	\$ 2,636,306	\$ 450,438	\$ 3,086,744	\$ 3,102,511		
2,088	44,874	573	-	15,796	827,151	133,656	960,807	949,967		
18,072	204,876	3,173	-	78,272	3,463,457	584,094	4,047,551	4,052,478		
4,171	90,056	-	-	9,396	456,667	36,000	492,667	433,238		
16,580	2,898	-	-	989	63,442	4,141	67,583	72,605		
-	-	-	-	-	130,636	-	130,636	164,735		
349	2,123	-	-	1,720	50,461	12,847	63,308	71,703		
50	-	-	-	1,009	26,037	1,025	27,062	25,290		
-	-	-	-	-	122,189	-	122,189	122,236		
-	-	-	-	-	1,697	-	1,697	1,146		
1,609	2,940	-	-	1,009	67,523	600	68,123	68,054		
1,383	5,298	-	2,000	4,441	164,778	35,185	199,963	208,566		
-	-	-	-	3,124	63,692	2,230	65,922	60,647		
24,142	103,315	-	2,000	21,688	1,147,122	92,028	1,239,150	\$ 1,228,220		
\$ 42,214	\$ 308,191	\$ 3,173	\$ 2,000	\$ 99,960	\$ 4,610,579	\$ 676,122	\$ 5,286,701	\$ 5,280,698		

See accompanying notes to financial statements.

For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies**

Organization and Nature of Activities

The accompanying financial statements account for the activities of Drug Abuse Treatment Association, Inc. ("DATA"). DATA was incorporated in 1966, providing substance abuse treatment services within Palm Beach, Martin, St. Lucie, Indian River, and Okeechobee Counties, Florida.

Financial Presentation

DATA follows FASB Accounting Standards Codification (FASB ASC) 958-205, *Presentation of Financial Statements*. The standard requires that DATA present information regarding its financial position and activities according to three classes of net assets, described as follows:

Unrestricted Net Assets: this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the unrestricted by class.

Temporarily Restricted Net Assets: this classification includes those net assets whose use by DATA has been limited by donors to either a later period of time, or after specified dates, or for a specified purpose.

Permanently Restricted Net Assets: this classification includes those net assets that must be maintained by DATA in perpetuity. Permanently restricted net assets increase when DATA receives contributions for which donor-imposed restrictions limiting DATA's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by DATA meeting certain requirements. As of June 30, 2012, DATA has no permanently restricted net assets.

Basis of Accounting

The financial statements of DATA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Estimates

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

For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies, continued**

Fair Value of Financial Instruments

DATA follows FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs. DATA does not have financial instruments measured at fair value in the accompanying financial statements.

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the DATA's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, DATA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificates of deposit

DATA's certificates of deposit have initial maturities of three to six months and therefore are not considered cash and cash equivalents.

Grants and Other Receivables/ United Way Allocation Receivable

Grants and other receivables consist of amounts due to DATA under various state and local grants, as well as from other agencies. United Way allocation receivable is an unconditional promise to give from the Town of Palm Beach United Way. A provision for doubtful accounts as of June 30, 2012 was deemed unnecessary because the amounts are considered to be fully collectible.

Property and Equipment and Depreciation

Items of property and equipment are stated at cost or, in the case of contributed assets, at fair market value at the time of receipt. Individual items costing less than \$1,000 (\$2,500 for computer equipment) are expensed. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 39 years.

For the Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies, continued**

Contributions

In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

DATA recognizes revenue received from contracts with state and county agencies according to the terms of the contracts. Grant revenue is recognized as grant funds are accessed through periodic billings for contracted services provided. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

DATA reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, DATA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes

DATA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to DATA's tax-exempt purpose would be subject to taxation as unrelated business income. There were no such unrelated activities for the year ended June 30, 2012.

DATA follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. DATA assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. DATA uses the prescribed more likely than not threshold when making its assessment. At adoption, DATA did not record any cumulative effect adjustment, and DATA did not accrue any interest expense or penalties related to tax positions. There are currently no open Federal or State tax years under audit.

Advertising Costs

Advertising costs for recruitment of personnel are expensed as incurred. Total advertising expense for the year ended June 30, 2012 was \$2,156. Advertising costs are included in operating supplies and expenses in the Statement of Functional Expenses.

For the Year Ended June 30, 2012

1. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and activities benefited.

2. Prepaid Expenses

Prepaid expenses consist primarily of unamortized portion of prepaid insurance, in addition to other prepaid items. As of June 30, 2012, prepaid insurance totaled \$62,809.

3. Property and Equipment

Property and equipment consisted of the following as of June 30, 2012:

Buildings	\$ 608,575
Leasehold improvements	116,505
Furniture equipment	<u>554,032</u>
	1,279,112
Less accumulated depreciation	<u>800,535</u>
Property and equipment, net	<u>\$ 478,577</u>

4. Paid Time Off (PTO) Payable

DATA's employee fringe benefit package provides that paid time off will accrue at the rate of 3.69 hours per pay period for the first two years of employment, 5.53 hours per pay period from year 2 to 5 years of employment, 7.38 hours per pay period from 5 to 10 years of employment, and 9.23 hours per pay period after 10 years of employment. DATA employees who work in school based programs have a modified version of the paid time off accrual. Paid time off ceases to accrue for an employee when his or her unused hours total 240.

Employees who terminate in good standing will receive payment for unused paid time off in accordance with the personnel policy.

5. Designated Net Assets

The Board of Directors designated \$484,893 of the net assets balance as June 30, 2012 to fund building renovations, including furniture and fixtures at DATA's facilities and to purchase new van automobiles as necessary. These funds are not intended to function as Board-designated endowments.

For the Year Ended June 30, 2012

6. Temporarily Restricted Net Assets

Temporarily restricted net assets available for periods after June 30, 2012 consisted of unconditional allocations receivable from United Way. Allocations receivable as of June 30, 2012 amounted to \$144,000 and are restricted for the residential facility Kelly Center.

DATA recognizes unconditional allocations receivable in the period they are received, instead of when they are collected or when the associated expenses are incurred. Accordingly, the prior year allocation is released from restriction in the current year, as the time restriction expires, and the new allocation is recognized as restricted. As the amount of these allocations increase or decrease from year to year, these changes will result in positive or negative changes in net assets. These changes in temporarily restricted net assets do not necessarily represent the financial result of the programs for which the allocations are received.

During the year ended June 30, 2012, net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

DCF contracts:	
DCF contracts, state portion	\$ 2,051,886
DCF contracts, federal government portion	<u>2,091,845</u>
Total DCF contracts	4,143,731
Local government grants	287,760
Federal grants and contracts (School Nutrition)	<u>56,850</u>
Total government contracts and grants	4,488,341
Various direct contributions -	
United Way contributions	131,250
Teachers and school programs in-kind	130,636
Contributed use of facilities in-kind	<u>278,240</u>
Total program restrictions satisfied	<u>\$ 5,028,467</u>

7. Residential and Prevention Facilities

Residential facility, Kelly Center - DATA operates two residential facilities for adolescent substance abuse treatment. The Kelly Center, located in West Palm Beach, Florida, is situated on land owned by the Jerome Golden Center. The land is made available at no cost to DATA under a lease agreement that provides for automatic three-year renewals through November 30, 2084 at DATA's option. The agreement provides for no monthly land lease payments, but the in-kind lease amount agreed to by both parties approximates fair rental value. DATA is responsible for the operating costs of maintaining the residential facility. In-kind rent for the Jerome Golden Center totaled \$13,200 for 2012.

Residential facility, Hayslip Center - DATA's other residential facility, the Hayslip Center, is located in the St. Lucie County Youth Hall in Fort Pierce, Florida. The Board of County Commissioners of St. Lucie County provides the primary building at the facility and the land to DATA rent free. The St. Lucie District School Board also provides a portable classroom building rent free for DATA's use. These facilities are being provided to DATA free of charge through June 30, 2016, as long as they are used for their intended purposes. The use of these facilities is valued at \$72,000 per year by St. Lucie County, and is accounted for by DATA as contributed use of facility revenue and offsetting rent expense.

For the Year Ended June 30, 2012

7. Residential, Prevention and Other Treatment Facilities, continued

Prevention and other treatment facilities - In addition to the residential facilities, DATA also conducts prevention and other treatment programs in the five county areas it serves. These counties provide office space and utilities to DATA free of charge. The use of these facilities for each of these counties is valued based on contemporaneous rental values in the areas and are accounted for by DATA as contributed use facilities with offsetting rent expense. The amounts for the year ended June 30, 2012 are:

St. Lucie County	\$ 60,000
Martin County	3,652
Okeechobee County	3,652
Indian River County	3,652
Palm Beach County	<u>122,084</u>
Total prevention and other treatment facility lease expense	<u>\$ 193,040</u>

Combined residential and prevention facilities rent expense for the years ended June 30, 2012 is summarized as follows:

Residential facility, Kelly Center	\$ 13,200
Residential facility, Hayslip	72,000
Prevention and other treatment facilities	<u>193,040</u>
Total residential, prevention and other treatment facility lease expense	<u>\$ 278,240</u>

8. Teachers and Schools Program

The School Boards of Palm Beach County and St. Lucie County provide educational personnel, curriculum materials, and appropriate psycho-educational evaluations for adolescents who participate in residential substance abuse treatment programs and the day treatment program, and who are eligible for Alternative Education and/or other Exceptional Student Education programs. For the years ended June 30, 2012, these services and materials have been recorded in these financial statements as teachers and school programs revenue and program services expense in the amount of \$130,636. These amounts are based on salaries paid by the School Boards to the respective teachers and aides and the cost of the related educational materials.

9. School Nutrition Program

Under an agreement with the Florida Department of Education, DATA participates in the National Nutrition Program sponsored by the United States Department of Agriculture. The program provides reimbursement for free or reduced price school breakfasts and lunches provided to qualified applicants in residential facilities. For the year ended June 30, 2012, school nutrition reimbursements amounted to \$56,850, and are included in government grants and contracts revenue.

For the Year Ended June 30, 2012

10. Concentrations

DATA's operations are funded largely by grants received from the State of Florida, federal government and local county sources. Funding from the Florida Department of Children and Families ("DCF") amounted to 78% of DATA's total revenues for the year ended June 30, 2012. Funding from other local, state and federal government sources accounted for an additional 6% of current revenues. These contracts generally are awarded with one to three year terms and are dependent upon DATA's past performance, the availability of governmental funds and programs, and DATA's success in competing against other agencies for access to these funds. As of June 30, 2012, DATA has three multi-year contracts with the DCF that expire at various dates through June, 30, 2014. These contracts may be renegotiated at an earlier date as a result of possible changes in the State of Florida's contracting process.

DATA maintains cash deposits at different banks, which DATA periodically evaluates and believes to be in sound financial condition. Deposits located at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, up through December 31, 2012, the FDIC provides for a temporary full guarantee for funds held at FDIC insured depository institutions in non-interest bearing accounts above the \$250,000 limit. As of June 30, 2012, DATA's cash deposits exceeded FDIC limits by approximately \$38,000. DATA has not experienced any loss on such accounts and management believes it is not exposed to any significant credit risk arising from such balances.

11. Retirement Plan

DATA provides a defined contribution plan for its employees who are at least 21 years old and have attained one year of service and a minimum of 1,000 hours for the year. A discretionary amount ranging from 0% to 25%, subject to IRS limitations, of eligible compensation may be determined by the board of directors to be contributed to the plan each year. The contributions for the year ending June 30, 2012 amounted to \$303,858, which remained unpaid at year end. This amount was calculated at 13% of the last twelve months of salary for each eligible employee and is included in fringe benefit expenses in the Statement of Functional Expenses.

12. Commitments

DATA is committed under certain building and office space leases extending to June 2014, subject to certain renewal options. For the year ended June 30, 2012, rent expense, exclusive of in-kind for office space totaled \$115,808, which is included in building and occupancy expense in the Statement of Functional Expenses.

Minimum expected future rental payments are as follows:

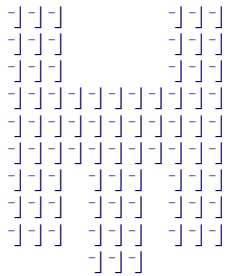
Year ending June 30,

2013	\$ 73,623
2014	<u>69,512</u>
	<u>\$ 143,135</u>

For the Year Ended June 30, 2012

13. Subsequent Events

DATA's management has evaluated subsequent events through December 26, 2012, the date on which the financial statements were available to be issued, and determined there were no events to disclose in these financial statements.



Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

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

To the Board of Directors of
Drug Abuse Treatment Association, Inc.
Jupiter, Florida

We have audited the financial statements of Drug Abuse Treatment Association, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 26, 2012. 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

Management of Drug Abuse Treatment Association, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Drug Abuse Treatment Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Drug Abuse Treatment Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Drug Abuse Treatment Association, Inc.'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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material weakness of the entity's 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.

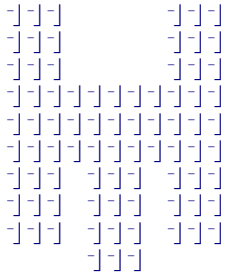
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Drug Abuse Treatment Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 audit committee, Board of Directors, and federal, state and local awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 26, 2012



Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

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

To the Board of Directors of
Drug Abuse Treatment Association, Inc.
Jupiter, Florida

Compliance

We have audited the compliance of Drug Abuse Treatment Association, Inc. (a non-profit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2012. Drug Abuse Treatment Association, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants to each of its major federal programs and state projects is the responsibility of Drug Abuse Treatment Association, Inc.'s management. Our responsibility is to express an opinion on Drug Abuse Treatment Association, Inc.'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; 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 Drug Abuse Treatment Association, Inc.'s 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 Drug Abuse Treatment Association, Inc.'s compliance with those requirements.

In our opinion, Drug Abuse Treatment Association, Inc. 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 state projects for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Drug Abuse Treatment Association, Inc. 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 Drug Abuse Treatment Association, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project in order 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 Drug Abuse Treatment Association, Inc.'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 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 for the information and use of management, the audit committee, Board of Directors, others within the entity, and federal, state and local awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 26, 2012

For the Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance on major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 501(a) of Circular A-133?	No
Major programs:	
CFDA Number	93.959
Name of Federal Program or Cluster:	U.S. Department of Health and Human Services Block Grant for Prevention and Treatment of Substance Abuse
CSFA Number	60.030
Name of State Program or Cluster:	Department of Children and Families Substance Abuse Treatment and Aftercare Services for Children
Dollar Threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as a low-risk auditee?	Yes

For the Year Ended June 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III – FINDINGS AND QUESTIONED COSTS

Major Federal Programs – No findings or questioned costs are reported.

Major State Projects – No findings or questioned costs are reported.

CORRECTIVE ACTION PLAN:

There is no corrective action plan required, as there are no findings or questioned costs reported for the year ended June 30, 2012, with respect to federal awards or state projects.

PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS:

Federal Programs – There were no audit findings or questioned costs for the year ended June 30, 2011, relative to federal awards, requiring action on the part of the auditee for that fiscal year.

State Projects – There were no audit findings for the year ended June 30, 2011, relative to state projects, requiring action on the part of the auditee for that fiscal year.

SUPPLEMENTARY INFORMATION

DRUG ABUSE TREATMENT ASSOCIATION, INC.

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

For the Year Ended June 30, 2012

Federal Grantor Pass-through Entity Federal Program Title	CFDA Number / Award Number	Federal Expenditures
Department of Health and Human Services (DHHS) Passed through from State of Florida, Department of Children and Families (DCF):		
Block Grant for Prevention and Treatment of Substance Abuse	93.959 ID100 ZDZ01 ZDK55	\$ 609,357 120,000 694,463
Temporary Assistance for Needy Families	93.558 ID100 ZDK55	27,730 31,549
Social Services Block Grant	93.667 ZDK55	<u>608,747</u>
Total DHHS/DCF		2,091,846
U.S. Department of Agriculture Passed through from State of Florida, Department of Education (DOE):		
National School Lunch Program	10.555	<u>56,850</u>
Total expenditures of federal awards		<u><u>\$ 2,148,696</u></u>

See independent auditor's report.

For the Year Ended June 30, 2012

<u>State Grantor State Project Title</u>	<u>CSFA Number / Award Number</u>	<u>State Expenditures</u>
Department of Children and Families:		
Substance Abuse Treatment and Aftercare Services for Children	60.030 ID100 ZDK55	\$ 1,629,329 272,557
Substance Abuse Treatment and Aftercare Services for Adults	60.029 ZDZ01	<u>150,000</u>
Total Department of Children and Families		<u>2,051,886</u>
Total expenditures of state financial assistance		<u><u>\$ 2,051,886</u></u>

Note 1. Basis of Presentation

This schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of DATA and is presented on the accrual basis of accounting. DATA tracks its expenditures by department, rather than by grant. Expenditures are equal to billings based on units of service provided. 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 preparation of, the basic financial statements.

See independent auditor's report.

For the Year Ended June 30, 2012

Total expenditures	\$ 5,286,701
Less:	
Other State and Federal funds	(2,148,696)
Non-Match SAMH funds	-
Unallowable costs	-
	<hr/>
Total allowable expenditures	3,138,005
	<u>75%</u>
Maximum available earnings	2,353,504
State funds received from Department of Children and Families (DCF)	<u>2,051,886</u>
Excess of maximum available earnings over DCF funds received	<u><u>\$ 301,618</u></u>

Note 1. Basis of Presentation

The amounts included in the above schedule of state earnings are presented on the accrual basis of accounting.

See independent auditor's report.

DRUG ABUSE TREATMENT ASSOCIATION, INC.

For the Year Ended June 30, 2012

	State Designated SAMH Cost Center							
	Circuit 15							
	Adolescent							
	Residential Level 2	Outpatient	On site	Outreach	Prevention	Medical Services	Project Success	Clinical Supervision
Government Funding:								
DCF funding	\$ 662,573	\$ 239,369	\$ 390,462	\$ 408,158	\$ 148,917	\$ 26,474	\$ 150,000	\$ 3,559
Local government	128,812	11,192	80,709	64,018	-	-	-	-
Federal grants and contracts	31,054	-	-	-	-	-	-	-
In-kind from local government only	13,200	-	51,128	-	17,304	-	50,000	-
Total government funding	835,639	250,561	522,299	472,176	166,221	26,474	200,000	3,559
All other revenues:								
Medicare, first and third party fees	51,443	30,041	-	-	-	-	-	-
Contributions and donations	149,003	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Other grants and contracts	-	-	-	-	-	-	-	-
In-kind	70,986	-	-	-	-	-	-	-
Total all other revenues	271,432	30,041	-	-	-	-	-	-
Total funding sources and revenues	\$ 1,107,071	\$ 280,602	\$ 522,299	\$ 472,176	\$ 166,221	\$ 26,474	\$ 200,000	\$ 3,559

See independent auditor's report.

**SCHEDULE OF
ACTUAL FUNDING SOURCES AND REVENUES**

State Designated SAMH Cost Center										Total Designated SAMH Cost Center		Supporting Services	Total
Circuit 15			Circuit 19										
Adolescent	Adult		Adolescent										
Aftercare	Outpatient	Outreach	Residential Level 2	Outpatient	TASC	Prevention	Medical Services	Project Success	Aftercare				
\$ 37,891	\$ -	\$ 349,009	\$ 733,884	\$ 177,457	\$ 156,855	\$ 453,709	\$ 12,593	\$ 120,000	\$ 72,817	\$ 4,143,727	\$ -	\$ 4,143,727	
3,033	-	-	-	-	-	-	-	-	-	287,764	-	287,764	
-	-	-	25,796	-	-	-	-	-	-	56,850	-	56,850	
-	-	3,652	72,000	-	10,956	20,000	-	40,000	-	278,240	-	278,240	
40,924	-	352,661	831,680	177,457	167,811	473,709	12,593	160,000	72,817	4,766,581	-	4,766,581	
-	-	-	48,731	17,835	-	-	-	-	-	148,050	-	148,050	
2,000	-	4,610	78,118	16,000	-	-	-	-	-	249,731	7,640	257,371	
-	-	-	-	-	-	-	-	-	-	-	19,641	19,641	
-	-	-	59,650	-	-	-	-	-	-	130,636	-	130,636	
2,000	-	4,610	186,499	33,835	-	-	-	-	-	528,417	27,281	555,698	
\$ 42,924	\$ -	\$ 357,271	\$ 1,018,179	\$ 211,292	\$ 167,811	\$ 473,709	\$ 12,593	\$ 160,000	\$ 72,817	\$ 5,294,998	\$ 27,281	\$ 5,322,279	

See independent auditor's report.

DRUG ABUSE TREATMENT ASSOCIATION, INC.

For the Year Ended June 30, 2012

State Designated SAMH Cost Center									
Circuit 15									
Adolescent									
	Residential Level 2	Outpatient	On site	Outreach	Prevention	Medical services	Project Success	Clinical Supervision	Incidentals
Personnel expenses:									
Salaries and wages	\$ 483,708	\$ 130,888	\$ 302,932	\$ 316,523	\$ 86,493	\$ 9,246	\$ 89,718	\$ 2,600	\$ -
Fringe benefits	158,127	50,007	107,879	108,670	26,144	1,515	29,186	573	-
Total personnel expenses	641,835	180,895	410,811	425,193	112,637	10,761	118,904	3,173	-
Operating expenses:									
Building and occupancy	61,309	20,777	60,333	17,504	17,964	4,171	50,008	-	-
Professional fees	9,428	3,422	3,817	3,839	1,816	10,940	1,326	-	-
Donated services	70,986	-	-	-	-	-	-	-	-
Travel	8,846	1,129	2,554	6,805	1,790	314	825	-	-
Equipment costs	9,185	1,403	335	813	456	50	-	-	-
Food costs	67,321	-	-	-	-	-	-	-	-
Medical/pharmacy	-	-	-	385	-	-	-	-	-
Incidentals	-	-	-	-	-	-	-	-	-
Insurance	20,050	1,477	2,930	2,595	4,500	809	1,540	-	-
Operating supplies and expenses	38,894	16,437	7,116	9,134	6,618	1,294	2,550	-	2,000
Depreciation expense	23,887	2,164	-	-	0	-	-	-	-
Total program services	309,906	46,809	77,085	41,075	33,144	17,578	56,249	-	2,000
Supporting services	139,569	33,451	71,756	68,378	21,405	4,156	25,684	465	-
Total expenses	\$ 1,091,310	\$ 261,155	\$ 559,652	\$ 534,646	\$ 167,186	\$ 32,495	\$ 200,837	\$ 3,638	\$ 2,000

See independent auditor's report.

**SCHEDULE OF
ACTUAL EXPENSES**

State Designated SAMH Cost Center											Total Designated SAMH Cost Center	Supporting Services	Total
Circuit 15			Circuit 19										
Adolescent	Adult		Adolescent										
Aftercare	Outpatient	Outreach	Residential Level 2	Outpatient	TASC	Prevention	Medical services	Project Success	Aftercare				
\$ 30,349	\$ 24,598	\$ 148,609	\$ 454,740	\$ 109,117	\$ 104,084	\$ 233,552	\$ 6,738	\$ 70,284	\$ 32,127	\$ 2,636,306	\$ 450,438	\$ 3,086,744	
5,771	9,398	47,495	132,112	27,289	35,709	60,990	573	15,688	10,025	827,151	133,656	960,807	
36,120	33,996	196,104	586,852	136,406	139,793	294,542	7,311	85,972	42,152	3,463,457	584,094	4,047,551	
6,346	3,905	18,047	109,172	9,260	10,956	23,817	-	40,048	3,050	456,667	36,000	492,667	
-	776	643	1,582	9,434	3,598	1,159	4,237	5,640	1,572	213	63,442	4,141	67,583
-	-	-	59,650	-	-	-	-	-	-	-	130,636	-	130,636
254	212	8,765	10,108	1,450	1,639	2,971	35	1,298	1,466	50,461	12,847	63,308	
50	263	112	5,860	4,979	-	1,572	-	-	959	26,037	1,025	27,062	
-	-	-	54,868	-	-	-	-	-	-	122,189	-	122,189	
-	-	1,312	-	-	-	-	-	-	-	1,697	-	1,697	
-	-	-	-	-	-	-	-	-	-	-	-	-	
509	278	2,172	21,000	1,400	309	5,254	800	1,400	500	67,523	600	68,123	
1,907	3,088	4,439	33,871	16,944	2,282	12,833	89	2,748	2,534	164,778	35,185	199,963	
-	407	-	24,243	9,867	-	-	-	-	3,124	63,692	2,230	65,922	
9,842	8,796	36,429	328,206	47,498	16,345	50,684	6,564	47,066	11,846	1,147,122	92,028	1,239,150	
6,740	6,275	34,099	134,189	26,969	22,897	50,626	2,035	19,509	7,919	676,122	(676,122)	-	
\$ 52,702	\$ 49,067	\$ 266,632	\$ 1,049,247	\$ 210,873	\$ 179,035	\$ 395,852	\$ 15,910	\$ 152,547	\$ 61,917	\$ 5,286,701	\$ -	\$ 5,286,701	

See independent auditor's report.