

**COMPREHENSIVE ALCOHOLISM
REHABILITATION PROGRAMS, INC.**

**FINANCIAL STATEMENTS
JUNE 30, 2013**

Berkowitz, Huff & Viniar
Certified Public Accountants
Stuart, Florida

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
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Berkowitz, Huff & Viniar

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
National Association of Certified Valuation
Analysts

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Comprehensive Alcoholism Rehabilitation Programs, Inc.
West Palm Beach, Florida

We have audited the accompanying financial statements of Comprehensive Alcoholism Rehabilitation Programs, Inc. (the "Organization") (a nonprofit Florida corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentations of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comprehensive Alcoholism Rehabilitation Programs, Inc., as of June 30, 2013, 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.

Report on Summarized Comparative Information

Viniar & Company has previously audited Comprehensive Alcoholism Rehabilitation Programs, Inc.'s June 30, 2012 financial statements, and they expressed an unqualified opinion on those financial statements in their report dated September 5, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Florida Rules of the Auditor General Chapter 10.650, and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2013, on our consideration of Comprehensive Alcoholism Rehabilitation Programs, Inc.'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* in considering Comprehensive Alcoholism Rehabilitation Programs, Inc.'s internal control over financial reporting and compliance.

BERKOWITZ, HUFF & VINIAR

Berkowitz, Huff & Viniar
September 4, 2013

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Statement of Financial Position

as of June 30, 2013

(With Comparative Totals as of June 30, 2012)

	2013	2012
Assets:		
Current assets:		
Cash and cash equivalents	\$ 762,294	\$ 827,187
Cash and cash equivalents held in trust	13,064	10,941
Total cash and cash equivalents	<u>775,358</u>	<u>838,128</u>
Marketable securities	-	5,676
Marketable securities held in trust	1,698,938	1,594,262
Grants and contracts receivable	749,719	990,895
Other receivables	27,364	8,345
Prepaid expenses	135,907	100,314
Total current assets	<u>3,387,286</u>	<u>3,537,620</u>
Property and equipment:		
Land	2,400,000	352,931
Buildings and improvements	8,521,712	8,708,087
Leasehold improvements	195,369	195,369
Furniture, fixtures and equipment	1,241,116	1,234,212
Automobiles and vans	126,230	146,192
Total fixed assets	<u>12,484,427</u>	<u>10,636,791</u>
Less accumulated depreciation	<u>(2,232,969)</u>	<u>(6,120,260)</u>
Total property and equipment	<u>10,251,458</u>	<u>4,516,531</u>
Other assets:		
Deposits	21,164	21,789
Total other assets	<u>21,164</u>	<u>21,789</u>
Total assets	<u>\$ 13,659,908</u>	<u>\$ 8,075,940</u>

(continued on next page)

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

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.*Statement of Financial Position (continued from previous page)**as of June 30, 2013**(With Comparative Totals as of June 30, 2012)*

	2013	2012
Liabilities and Net Assets:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 64,301	\$ 49,375
Accrued payroll	96,672	101,319
Accrued vacation	161,983	197,802
Payroll taxes payable	7,896	11,439
Other liabilities	66,155	46,711
Mortgage payable - current portion	300,000	300,000
Interest payable	4,198	42,019
Total current liabilities	<u>701,205</u>	<u>748,665</u>
Long-term debt:		
Mortgage payable	<u>2,300,000</u>	<u>2,600,000</u>
Total long-term liabilities	<u>2,300,000</u>	<u>2,600,000</u>
Total liabilities	<u>3,001,205</u>	<u>3,348,665</u>
Net assets:		
Unrestricted	8,891,224	3,018,337
Temporarily restricted	1,712,002	1,662,703
Permanently restricted	55,477	46,235
Total net assets	<u>10,658,703</u>	<u>4,727,275</u>
Liabilities and net assets	<u>\$ 13,659,908</u>	<u>\$ 8,075,940</u>

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

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Statement of Activities and Changes in Net Assets

for the Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2013	2012
Support, Revenues and Gains:					
Public support					
State - DCF Substance Abuse	\$ -	\$ 3,040,122	\$ -	\$ 3,040,122	\$ 3,197,433
Palm Beach County	-	814,565	-	814,565	1,126,863
United Way	-	73,009	-	73,009	80,241
Contributions	-	171,739	-	171,739	105,233
Total public support	-	4,099,435	-	4,099,435	4,509,770
Other revenues and gains:					
State and local service	-	830,452	-	830,452	842,326
Client fees	274,342	-	-	274,342	270,077
Food stamps	-	113,174	-	113,174	57,235
Federal Probation Program	-	47,162	-	47,162	79,026
United States Pretrial	-	9,632	-	9,632	5,316
Fund-raising	241,670	-	-	241,670	164,098
Endowments	-	-	9,390	9,390	21,235
Unrealized gain on property	-	5,945,573	-	5,945,573	-
Investment income	2,095	57,037	5	59,137	96,803
Miscellaneous	46,587	-	-	46,587	30,671
Total other revenues and gains	564,694	7,003,030	9,395	7,577,119	1,566,787
Net assets released from restrictions	11,053,319	(11,053,166)	(153)	-	-
Total support, revenues & gains	11,618,013	49,299	9,242	11,676,554	6,076,557
Functional Expenses:					
Program services:					
Outpatient	871,434	-	-	871,434	811,384
Residential	2,762,442	-	-	2,762,442	2,773,729
Detoxification	1,373,158	-	-	1,373,158	1,348,680
Homeless Assessment Center	-	-	-	-	490,705
Total program services	5,007,034	-	-	5,007,034	5,424,498
Supporting services:					
Administration	700,114	-	-	700,114	605,100
Fund-raising	37,978	-	-	37,978	48,435
Total supporting services	738,092	-	-	738,092	653,535
Total expenses	5,745,126	-	-	5,745,126	6,078,033
Change in net assets	5,872,887	49,299	9,242	5,931,428	(1,476)
Net assets, beginning of year	3,018,337	1,662,703	46,235	4,727,275	4,728,751
Net assets, end of year	\$ 8,891,224	\$ 1,712,002	\$ 55,477	\$ 10,658,703	\$ 4,727,275

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

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.*Statement of Functional Expenses**for the Year Ended June 30, 2013**(With Comparative Totals for the Year Ended June 30, 2012)*

	PROGRAM SERVICES			
	Outpatient	Residential	Detoxification	Total Program Services
Personnel expenses:				
Salaries	\$ 383,962	\$ 1,055,498	\$ 682,088	\$ 2,121,548
Fringe benefits	94,978	263,800	196,393	555,171
Total personnel expenses	478,940	1,319,298	878,481	2,676,719
Operating expenses:				
Building occupancy	106,258	442,348	120,913	669,519
Professional services	108,822	233,186	84,082	426,090
Travel	-	8,300	2,906	11,206
Equipment	8,041	21,229	10,936	40,206
Food services	-	264,618	93,457	358,075
Medical and pharmacy	70,492	51,757	46,984	169,233
Insurance	39,620	155,212	54,923	249,755
Interest	-	84,525	29,852	114,377
Operating supplies	25,797	71,347	48,471	145,615
Other expenses	33,464	110,622	2,153	146,239
Total operating expenses	392,494	1,443,144	494,677	2,330,315
Total personnel and operating expenses	\$ 871,434	\$ 2,762,442	\$ 1,373,158	\$ 5,007,034

*(continued)**The accompanying notes are an integral part of these financial statements.*

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Statement of Functional Expenses (continued from previous page)

for the Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

SUPPORT SERVICES			TOTALS	
Administrative	Fund Raising	Total Support Services	2013	2012
\$ 413,174	\$ 8,647	\$ 421,821	\$ 2,543,369	\$ 2,933,939
151,491	2,134	153,625	708,796	742,436
564,665	10,781	575,446	3,252,165	3,676,375
53,899	-	53,899	723,418	791,341
44,918	-	44,918	471,008	236,179
26	-	26	11,232	7,379
-	-	-	40,206	49,891
-	-	-	358,075	380,248
-	-	-	169,233	163,512
22,547	-	22,547	272,302	260,424
-	-	-	114,377	155,566
8,130	-	8,130	153,745	180,334
5,929	27,197	33,126	179,365	176,784
135,449	27,197	162,646	2,492,961	2,401,658
\$ 700,114	\$ 37,978	\$ 738,092	\$ 5,745,126	\$ 6,078,033

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

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Statement of Cash Flows

for the Year Ended June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

	2013	2012
Operating Cash Flows:		
Cash received from public support, program service and other revenues	\$ 5,894,001	\$ 6,021,660
Cash paid to employees and suppliers	(5,402,745)	(5,598,100)
Interest paid	(114,377)	(155,566)
Investment income	59,595	70,544
Unrealized gain on investment	-	26,259
Realized loss on sale of investment	(458)	-
Net operating cash flows	436,016	364,797
Investing cash flows:		
Investments in marketable securities	(99,000)	(192,114)
Purchase of property and equipment	(99,786)	(85,592)
Net investing cash flows	(198,786)	(277,706)
Financing cash flows:		
Principal payments on mortgage	(300,000)	(300,000)
Net financing cash flows	(300,000)	(300,000)
Net increase (decrease) in cash	(62,770)	(212,909)
Cash and cash equivalents, beginning of year	838,128	1,051,037
Cash and cash equivalents, end of year	\$ 775,358	\$ 838,128
Reconciliation of Change in Net Assets to Operating Cash Flows:		
Change in net assets	\$ 5,931,428	\$ (1,476)
Depreciation expense	310,432	378,598
Unrealized gain on property valuation	(5,945,573)	-
Change in:		
Receivables	222,157	41,906
Prepaid expenses	(35,593)	(14,644)
Deposits	625	-
Payables and other liabilities	(47,460)	(39,587)
Net operating cash flow	\$ 436,016	\$ 364,797

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

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1: NATURE OF THE ORGANIZATION

Comprehensive Alcoholism Rehabilitation Programs, Inc., (the Organization) was founded in August 1967 and incorporated on July 17, 1972, as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code, to increase public understanding of chemical dependency in the form of alcoholism, alcohol abuse, drug addiction and drug abuse and the accompanying illnesses of the significant others of chemically dependent persons; to provide the public with insight into the need for treatment of these diseases and the effectiveness of such treatment; and to provide treatment alternatives corresponding to individual needs within a continuum of care.

The Organization's approach is to make the above objectives effective by:

1. Making available to chemically dependent persons a full range of treatment services to include: crisis intervention, medical detoxification, assessment, group/individual therapy in residential and non-residential settings and by developing and incorporating additional treatment modalities as circumstances warrant.
2. Educating the community regarding the problems of chemical dependency by conducting informational series, by making materials and resources available by offering consulting services to community organizations and agencies, and by providing speakers on topics related to chemical dependency.
3. Providing prevention, education and treatment services through a continuum of care, to individuals and families affected by alcoholism and drug dependency to achieve an abstinence-based recovery.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Salaries and other expenses directly related with specific programs are charged to those programs. Salaries and other expenses related to more than one program are allocated to the various programs based on the relative benefit provided. Administrative expenses are allocated to the various programs based on equitable methodology.

Cash and Cash Equivalents

For purposes of the statement of financial position and statement of cash flows, the Organization considers demand deposits with banks, certificates of deposit, money market funds and all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Organization maintains its cash at several financial institutions in South Florida, which are members of the Federal Deposit Insurance Corporation (FDIC). The FDIC insures deposits up to \$250,000 for each financial institution. As of June 30, 2013, the Organization had no uninsured deposits.

The Organization maintains a trust account at a financial institution in South Florida. The financial institution is a member of the Securities Investor Protection Corporation (SIPC) and has excess-SIPC insurance on its accounts. SIPC coverage is limited to \$500,000 per customer, including up to \$250,000 for cash accounts, in two distinct types of situations: insolvency or bankruptcy of the brokerage firm; or unauthorized trading of customer's securities accounts. SIPC does not protect against market risk, which is the risk inherent in a fluctuating market. The account consists of \$13,064 in cash and \$1,698,938 in marketable securities. The cash is held in a fiduciary account and is insured by the FDIC. The marketable securities are insured under the Securities Investor Protection Corporation.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2011, June 30, 2012 and June 30, 2013 are subject to examination by the IRS, generally for three years after they were filed.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. 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. During the year ended June 30, 2013, the Organization sold donated stock for a \$458 loss.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Deposits

The Organization records deposits submitted to vendors. At June 30, 2013, aggregate deposits were \$21,164, of which \$6,265 was to secure utility services for rental units and \$14,899 was for rental properties.

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are recorded at fair value, recognized as revenue in the period received and recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Grant and Contracts Receivable / Revenue

Grant and contract revenue is recognized when the allowable costs, as defined by the individual grants or contracts, are incurred and the unit of service has been performed. Grant and contracts receivable at year-end represent units of service performed, which have not yet been reimbursed by the granting agency, and are as follows:

Florida Department of Corrections	\$	88,355
United States Probation		1,784
Southeast Florida Behavioral Health Network, Inc.		411,730
Palm Beach County		234,221
Riviera Beach Drug Court		13,629
Total	\$	<u>749,719</u>

Property and Depreciation

Property purchased is stated at cost, and that which has been donated is stated at fair market value at the date of acquisition. The Organization capitalizes all assets acquired, in excess of \$300. Depreciation is provided on the straight-line method based upon estimated useful lives of the assets as follows: building, 25-30 year life; building improvements, 15 years; leasehold improvements, 5 to 10 years; furniture, fixtures and equipment, 2 to 10 years; transportation equipment, 5 years. Depreciation expense for the year was \$310,432.

Donated Food, Services and Clothing

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor and have been used for purposes of meeting matching requirements. Donated items are reflected in the accompanying statements at their estimated fair market value at date of receipt. Donated services from the Palm Beach County School Board are recorded at fair market value as determined by the School Board and the Organization. Donated clothing and other donated items have not been recorded in the accompanying statements as these amounts are considered immaterial.

Estimates

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

Reclassifications

It is the Organization's policy to reclassify, where appropriate, prior year financial statements to conform to the current year presentation.

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summarized Financial Information for 2012

The financial information for the year ended June 30, 2012, presented for comparative purposes, is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

NOTE 3: CHANGE IN ACCOUNTING POLICY

During the year, the Organization received an updated appraised value on its land and real property. The Organization changed its accounting policy for recording the value of land and real property from historical cost to fair value, based on an appraisal of the property.

NOTE 4: FAIR VALUE MEASUREMENT

FASB ASC 820 defines fair value, creates a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. *(The unobservable inputs should be developed based on the best information available under the circumstances and may include the Organization's own data.)*

Cash and cash equivalents have been valued using Level 1 inputs. Marketable securities have also been valued using Level 1 inputs. The valuation of land and buildings has been changed from their historic value to current appraised market value.

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5: INVESTMENTS HELD IN TRUST

In October 2006, the Board of Directors adopted a Nonqualified Deferred Compensation Plan for its Executive Director. The Organization executed a Deferred Compensation Plan Trust Agreement with Grand Bank and Trust of Florida and a Deferred Compensation Plan Agreement with its Executive Director.

In consideration for remaining in its employ, the Organization agreed to initially fund a nonqualified deferred compensation plan for the Executive Director in the amount of seven hundred fifty thousand dollars (\$750,000). Annually, or more frequently as determined by the Board of Directors, additional amounts may be contributed to the plan. In September 2012, the Board of Directors authorized a three percent cost-of-living increase to be contributed to the Trust Account, retroactive to the origination of the plan in 2006. The fund is managed by Grand Bank & Trust of Florida, the trustee under the Deferred Compensation Plan Trust Agreement.

In the event of the Executive Director's retirement, the plan shall pay the Executive Director deferred compensation in the amount of eighty-two thousand four hundred dollars (\$82,400) per year, applying three percent annually. Such amount may be increased, but not decreased, by the Organization from time to time subject to the Organization's ability to pay such additional deferred compensation. Upon the death of the Executive Director, the deferred compensation shall terminate. The payments to the Executive Director shall be made from assets which shall continue, for all purposes, to be a part of the general assets of the Organization.

The following schedule summarizes the investment return and its classification in the Statement of Activities and Changes in Net Assets for the year ended:

	June 30, 2013		
	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 2,095	\$ 673	\$ 2,768
Net realized and unrealized gains (losses)	-	40,336	40,336
Total investment return	\$ 2,095	\$ 41,009	\$ 43,104

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5: INVESTMENTS HELD IN TRUST (continued)

As of June 30, 2013, there was \$1,712,002 held in trust at Grand Bank & Trust of Florida for this nonqualified deferred compensation plan. Plan assets include cash in the amount of \$13,064 and marketable securities in the amount of \$1,698,938. The fair value measurements at reporting date are using quoted prices in active markets for identical assets.

	June 30, 2013		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Short term investments - Now account	\$ 13,064	\$ 13,064	\$ -
Trading securities	1,642,400	1,698,938	56,538
Total investments held in trust	<u>\$ 1,655,464</u>	<u>\$ 1,712,002</u>	<u>\$ 56,538</u>

NOTE 6: COMPENSATED ABSENCES

The Organization's annual leave policy is that employees who achieve permanent status accrue hours annually. For years one through four, five days accrue per year; year five, ten days per year accrue; and year ten fifteen days accrue per year. At the end of each calendar year, employees may not carry more than 120 hours into the next year, with the exception of the Executive Director, who may carry 400 hours into the next year.

Excess balances are either forfeited or paid at the equivalent hourly rate, provided the employee was unable to take the leave because of the Organization's needs. The Executive Director chose to donate a portion of his payment back to the Organization, in the amount of \$11,667. As of June 30, 2013, accrued annual leave pay totaled \$161,983.

NOTE 7: LONG TERM DEBT

At June 30, 2013, there was a \$5,900,000 mortgage payable to Wachovia N.A. issued by Palm Beach County, Florida pursuant to an Indenture of Trust dated April 1, 2000. The interest rate on the note was initially based on the Securities Industry and Financial Markets Association index, which was an average of the rates of similar bonds, which reset on Wednesday of each week. As a means of the Organization's lowering its borrowing costs, the original principal amount was swapped from a floating rate to an annual fixed rate of 4.52%, payable in quarterly installments. The Interest Rate Swap Agreement with Wachovia Bank, N.A. expired in January 2013. Final maturity of the loan is April 1, 2020. At June 30, 2013, outstanding mortgage payable is as follows:

Total mortgage balance at June 30, 2013	\$ 2,900,000
Less: current portion	300,000
Total long-term debt	<u>\$ 2,600,000</u>

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7: LONG TERM DEBT (continued)

Future schedule maturities of long-term debt are as follows:

ending June 30:		
2014	\$	300,000
2015		300,000
2016		300,000
2017		400,000
2018		400,000
Thereafter		1,200,000
		<u>\$ 2,900,000</u>

Interest paid on the above mortgages for the current year was \$1,698, plus swap transaction fees of \$11,641, standby commissions of \$18,345, remarketing fees of \$2,500, and administrative fees of \$2,650. The Sinking Fund cash is a separate bank account in which 1/12 of the annual debt requirement is deposited monthly. The balance of the account at June 30, 2013 was \$80,627.

NOTE 8: LEASE COMMITMENTS

The programs and services of the Organization offsite of their main campus were provided from three leased facilities during the year. These operating leases have annual renewal options with expiration dates on the anniversary dates. Each lease contains a right to terminate with notice. Total rent expense as of June 30, 2013, for all buildings was \$94,351.

NOTE 9: TEMPORARILY RESTRICTED NET ASSETS

Temporary restrictions on net assets at June 30, 2013 are related to investment funds held in trust for deferred compensation and funds with donor implied restrictions. Funds have been invested according to the deferred compensation plan for the Executive Director. Restrictions on the use of these funds will expire when the Organization has satisfied the requirements of the donor or funds are expended for their intended purpose. At June 30, 2013, the Organization had \$1,712,002 of temporarily restricted net assets, as follows:

Cash and cash equivalents held in trust	\$	13,064
Marketable securities held in trust		1,698,938
Total temporarily restricted net assets		<u>\$ 1,712,002</u>

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10: PERMANENTLY RESTRICTED NET ASSETS

On June 23, 2011, the Organization entered into an agreement with a donor to establish the Willard D. Donnelley Endowment Fund. The donor contributed \$25,000 with the goal of endowing perpetual support of the program Homeless Substance Abusers in Treatment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The accumulation of gifts to the fund will be used to establish an endowment fund whose income will sustain in perpetuity the support of the program. Gifts from other donors may be added to the fund, when designated by the gift. The donor consents to additional contributions to the endowment fund and such shall be subject to the provisions of the agreement. The Organization may begin drawing income from the fund in support of the program after accumulated donations have reached the threshold principal of \$50,000.

Per the agreement, on July 1, 2016, if the fund's principal has not reached \$50,000, but exceeds \$25,000, the Organization may begin drawing income from the fund at that time. During the fiscal year, the Organization received additional funds of \$9,390, interest of \$2, incurred bank charges in the amount of \$150, for a net fund increase of \$9,242. At June 30, 2013, the balance in the endowment fund was \$55,477.

NOTE 11: FEDERAL FINANCIAL ASSISTANCE

The Organization has been awarded a grant from the U.S. Department of Health and Human Services, passed through the Florida Department of Children and Families (DCF) to provide services for prevention and treatment of substance abuse. Grant and contract revenue is recognized when the allowable costs, as defined by the individual grants or contracts, are incurred and the unit of service has been performed.

In September 2012, DCF contracted with a private entity, Southeast Florida Behavioral Health Network, Inc. (SEFBHN), to process the distribution of the grant funds. DCF assigned the grant contracts to SEFBHN. In return for processing the grant funding, the Organization was required to pay 5.1% of the contract funds to SEFBHN, to cover administrative costs. At June 30, 2013, the Organization paid SEFBHN approximately \$116,000 in administrative fees and recorded the payments as professional fees. The Organization and SEFBHN have renewed the contract for funding during the 2013-2014 fiscal year.

NOTE 12: STATE AND LOCAL SERVICE REVENUES

The Organization is reimbursed for fees from state and local agencies for services provided based on individual client participation in the program. These agencies and related service revenues received are summarized as follows:

Florida Department of Corrections	\$	588,669
Palm Beach School District		108,000
Drug Courts		41,157
Homeless Outreach Team		92,626
Total	\$	<u>830,452</u>

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13: MATCHING REQUIREMENT

The Organization received a substantial portion of its support from the State of Florida, under grant contract numbers ID093 and ZD304 with the Department of Children and Families, Substance Abuse and Mental Health Services Program. These contracts were three year contracts, which expired on June 30, 2012. The Organization received a one year extension of the contract, which expires on June 30, 2013. Although a maximum amount is established during the negotiation process, income is earned on a reimbursement basis; that is, income can be recognized only to the extent of eligible services provided and expenses incurred. Portions of the contract require a thirty-three percent (33%) local match for certain substance abuse services.

During the fiscal year ended June 30, 2013 the reimbursable expenses were as follows:

	<u>District 9</u>	<u>District 15</u>
Total expenses	\$ 5,439,838	\$ 305,288
Total funds requiring match	1,368,807	5,001
Local match required	<u>456,269</u>	<u>1,667</u>
Total requiring match	<u>1,825,076</u>	<u>6,668</u>
Excess match	<u><u>\$ 3,614,762</u></u>	<u><u>\$ 298,620</u></u>

NOTE 14: TAX SHELTERED ANNUITY

The option to participate in a 403(b) tax sheltered annuity plan had been given to the Organization’s employees in 1993. This plan allows all employees to contribute up to 16 percent of their gross income with a limit established by the Internal Revenue Code annually and permits withdrawals, at age 59-1/2 or, if separated from service, at age 55 or older, with no tax penalty.

On October 6, 1993, the Board of Directors approved a program, which was revised in March 2011 for compliance with government guidelines. The Organization matches from one-half percent to 60 percent of total salary for employees having at least one year of service and greater, who are contributing to the plan. For the year ended June 30, 2013, the Organization matched a maximum of \$16,500 per employee. All contributions are owned by the employee. Total matching contributions by the Organization for the year ended June 30, 2013, were \$65,388.

NOTE 15: EMPLOYMENT AGREEMENTS

In July 1998, the Organization entered into an employment agreement with its Executive Director. The agreement was entitled an “Executive Selective Retirement Plan for Key Employees” as authorized by the Internal Revenue Service Code Section 162. The agreement was effective retroactive to January 1, 1998, and continues until December 31, 2015. The agreement provides for a net payment annually of \$35,000. Should the Executive Director separate voluntarily, the remaining payments are reduced by 50%. If the separation from the employment is involuntary (either by termination or medical reasons), the agreement provides that 100% of the remaining payments are due annually until December 31, 2015. This agreement may be reviewed for increases annually by the Board of Directors. The Board of Directors has determined that only the Executive Director and CEO will have an employment contract with the agency.

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15: EMPLOYMENT AGREEMENTS (continued)

Agency policy extends this benefit to any employee making a minimum of \$80,000 a year and meeting the requirements of the Internal Revenue Code Section 162 (Executive Selective Retirement Plan for Key Employees). The qualifying date shall be the date when the employee's salary increases to an amount equal to or greater than \$80,000. The amount of the annual net payment shall be determined by multiplying the number of consecutive years of service prior to the qualifying date by \$1,460. An employee who qualifies for this benefit at date of hire shall receive \$1,460 under this benefit. This payment shall be made to all qualified employees in January of each year.

NOTE 16: DEPARTMENT OF CORRECTIONS

The revenue per unit of monies received from the Department of Corrections contracts as of June 30, 2013, is detailed below. This does not include any supplemental revenue required to provide services. Examples include: fees received directly from the Department of Correction clients, agency match, contributions, etc.

<u>Contract</u>	<u>Charges / Units Served</u>
Palm Beach County - Residential	$\frac{\$ 550,815}{11,533} = \$ 47.76 \text{ per diem}$
Palm Beach County - Outpatient	$\frac{\$ 30,866}{1,364} = \$ 22.63 \text{ per session/per client}$
Martin County - Outpatient	$\frac{\$ 6,988}{261} = \$ 26.77 \text{ per session/per client}$

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 17: BED AVAILABILITY PAYMENTS

The Organization received a portion of its support from the Federal Government and the State of Florida under grant contract number ID093 with the Department of Children and Families (DCF). Under the contract, the Organization must provide the DCF with a schedule of bed-day availability payments.

<u>Cost Center</u>	<u>Substance Abuse</u>	
	<u>Adult Detoxification</u>	<u>Adolescent Detoxification</u>
A State unit cost	\$ 157.55	\$ 157.55
B Available bed days	8,956	415
C Units paid by other parties	3,502	-
D Eligible units (B - C)	5,454	415
E Amount paid by DCF	598,065	65,418
F Maximum value of C (A x D)	859,269	65,418
G Amount DCF overpaid	-	-
<u>Units Paid by Others</u>	<u>Received</u>	
PBC Community Match	\$ 393,696	
Riviera Beach Drug Court	4,651	
Others	11,306	
Client fees	142,096	
Total dollar amount	551,749	
Unit rate	157.55	
Unit equivalent	3,502	

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 18: SUBSEQUENT EVENTS

Refinancing of Debt

In May 2013, the Organization received a commitment to refinance its existing first mortgage with Grand Bank & Trust of Florida. In the minutes of August 2013, the Organization's Board of Directors approved the refinance of the mortgage payable. The Organization initiated a loan agreement, in the amount of \$2,600,000 for purposes of refinancing the existing debt, secured by its land and improvements, with an interest rate of 4.125% fixed for the first seven years, adjusting to 2.75% over the five year Average Treasury Security Index fixed for the remaining three years with a floor of the initial rate. The bank will include a future advance clause in the mortgage allowing for up to an additional \$1,000,000 in funds to be advanced against the loan. The Organization's ability to access these additional funds would be subject to the bank's underwriting and approval at the time of the request from the Organization. The agreement is scheduled to be executed September 25, 2013.

Revolving Line of Credit

In May 2013, the Organization received a commitment for a revolving line of credit with Grand Bank & Trust of Florida. In the minutes of August 2013, the Organization's Board of Directors approved the refinance of the mortgage payable. The Organization initiated a loan agreement, in the amount of \$350,000 for purposes of covering short term expenses when needed, as a second mortgage secured by its land and improvements, with an interest rate of the Wall Street Journal Prime rate plus .50% floating on day of change. Interest only is due monthly with principal and accrued interest due at maturity. Maturity is one year from the date of the promissory note. The agreement is scheduled to be executed September 25, 2013.

Property Appraisal

For purposes of the debt refinancing, Grand Bank & Trust of Florida requested an appraisal of the Organization's real property by an independent, certified real estate appraiser. In their report dated July 3, 2013, with an inspection date and valuation date of June 25, 2013, the appraiser valued the Organization's real property at \$10,500,000.

NOTE 19: DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through September 4, 2013, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

for the Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program	Contract Number	CFDA Number	CSFA Number	Amount
Federal Awards:				
U.S. Department of Health and Human Services				
Pass-through:				
Florida Department of Children and Families				
Prevention and Treatment of Substance Abuse	ID093	93.959	-	\$ 1,266,633
Temporary Assistance for Needy Families	ID093	93.558	-	1,138
Social Services Block Grant	ID093	93.667	-	4,901
Prevention and Treatment of Substance Abuse	ZD304	93.959	-	115,719
Total Florida Department of Children and Families				<u>1,388,391</u>
Total Expenditures of Federal Awards				<u>\$ 1,388,391</u>
State Financial Assistance:				
Florida Department of Children and Families				
Prevention and Treatment of Substance Abuse	ID093	93.959	60.030	\$ 1,465,984
Temporary Assistance for Needy Families	ID093	93.558	60.030	89
Prevention and Treatment of Substance Abuse	ZD304	93.959	60.030	69,473
Total Florida Department of Children and Families				<u>1,535,546</u>
Florida Department of Corrections:				
	C2413	-	70.016	557,168
	C2405	-	70.016	5,537
	C2722	-	70.016	32,190
Total Florida Department of Corrections				<u>594,895</u>
Total Expenditures of State Financial Assistance				<u>\$ 2,130,441</u>

(continued)

See auditor's report.

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

For the Year Ended June 30, 2013

NOTE: A - BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal activity of the Organization under programs of the federal government for the year ended June 30, 2013. 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 Florida Administrative Code, Chapter 69I-5.003. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE: B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the above schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

NOTE: C - SUBRECIPIENTS

Of the expenditures presented in the schedule, the Organization provided no awards to subrecipients.

See auditor's report.

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Schedule of Functional Expenses by Cost Center

Florida Department of Children and Families

for the Year Ended June 30, 2013

	COST CENTERS				
	Assessment	Case Management	Individual Intervention	Group Intervention	Medical
Personnel expenses:					
Salaries	\$ 44,509	\$ 57,226	\$ 24,162	\$ 15,260	\$ 15,260
Fringe benefits	11,124	14,302	5,994	3,796	3,814
Total personnel expenses	55,633	71,528	30,156	19,056	19,074
Operating expenses:					
Building occupancy	17,362	10,851	1,809	2,809	4,630
Professional services	16,039	8,109	3,281	3,282	934
Travel	-	-	-	-	-
Equipment	434	434	217	201	217
Food services	-	-	-	-	-
Medical and pharmacy	25,197	10,197	99	91	20,099
Insurance	6,535	4,085	681	681	1,743
Interest	-	-	-	-	-
Operating supplies and expenses	2,174	2,587	1,149	833	860
Other expenses	111	142	60	38	38
Total operating expenses	67,852	36,405	7,296	7,935	28,521
Total personnel and operating expenses	123,485	107,933	37,452	26,991	47,595
Distributed costs:					
Administration	18,290	15,952	5,520	3,982	7,033
Total expenses	141,775	123,885	42,972	30,973	54,628
Capital expenditures	8,285	5,590	1,293	1,250	2,459
Total	\$ 150,060	\$ 129,475	\$ 44,265	\$ 32,223	\$ 57,087

(continued on next page)

See auditor's report

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Schedule of Functional Expenses by Cost Center (continued from previous page)

Florida Department of Children and Families

for the Year Ended June 30, 2013

COST CENTERS

Individual Outpatient	Group Outpatient	Outreach	Prevention	Individual Aftercare	Group Aftercare	Adult Residential
\$ 38,151	\$ 76,301	\$ 74,943	\$ 12,717	\$ 12,717	\$ 12,717	\$ 801,161
9,535	19,070	17,481	3,178	3,381	3,300	200,234
47,686	95,371	92,424	15,895	16,098	16,017	1,001,395
45,575	17,145	3,617	289	1,447	723	343,304
30,224	34,158	-	10,071	2,724	-	179,559
-	-	-	-	-	-	7,121
2,392	3,148	603	173	101	121	17,369
-	-	-	-	-	-	227,020
1,086	13,270	274	78	46	55	34,771
17,155	6,454	1,362	109	545	272	119,813
-	-	-	-	-	-	72,515
5,252	7,759	3,283	703	582	615	56,405
95	16,116	174	16,628	32	32	1,990
101,779	98,050	9,313	28,051	5,477	1,818	1,059,867
149,465	193,421	101,737	43,946	21,575	17,835	2,061,262
22,330	28,569	14,985	6,463	3,183	2,627	305,522
171,795	221,990	116,722	50,409	24,758	20,462	2,366,784
24,789	14,871	-	550	852	602	174,981
\$ 196,584	\$ 236,861	\$ 116,722	\$ 50,959	\$ 25,610	\$ 21,064	\$ 2,541,765

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See auditor's report

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Schedule of Functional Expenses by Cost Center (continued from previous page)

Florida Department of Children and Families

for the Year Ended June 30, 2013

COST CENTERS

	Adolescent Residential	Detoxification	Homeless Assessment Center	Incidental	Total Cost Centers
Personnel expenses:					
Salaries	\$ 254,337	\$ 665,556	\$ 16,532	\$ -	\$ 2,121,549
Fringe benefits	63,566	192,314	4,079	-	555,168
Total personnel expenses	317,903	857,870	20,611	-	2,676,717
Operating expenses:					
Building occupancy	99,044	120,914	-	-	669,519
Professional services	53,627	84,082	-	-	426,090
Travel	1,179	2,875	31	-	11,206
Equipment	3,860	10,856	80	-	40,206
Food services	37,598	91,667	1,790	-	358,075
Medical and pharmacy	16,986	46,984	-	-	169,233
Insurance	35,399	54,923	-	-	249,757
Interest	12,010	29,280	572	-	114,377
Operating supplies and expenses	14,942	43,818	2,928	1,725	145,615
Other expenses	108,632	1,975	178	-	146,241
Total operating expenses	383,277	487,374	5,579	1,725	2,330,319
Total personnel and operating expenses	701,180	1,345,244	26,190	1,725	5,007,036
Distributed costs:					
Administration	103,818	199,099	3,913	-	741,286
Total expenses	804,998	1,544,343	30,103	1,725	5,748,322
Capital expenditures	48,584	87,498	3,215	-	374,819
Total	\$ 853,582	\$ 1,631,841	\$ 33,318	\$ 1,725	\$ 6,123,141

(continued on next page)

See auditor's report

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Schedule of Functional Expenses by Cost Center (continued from previous page)

Florida Department of Children and Families

for the Year Ended June 30, 2013

SUPPORT SERVICES			
Fundraising	Administrative	TOTAL	
\$ 8,647	\$ 413,174	\$ 2,543,370	
2,134	151,491	708,793	
10,781	564,665	3,252,163	
-	53,899	723,418	
-	44,918	471,008	
-	26	11,232	
-	-	40,206	
-	-	358,075	
-	-	169,233	
-	22,547	272,304	
-	-	114,377	
-	8,130	153,745	
27,197	5,927	179,365	
27,197	135,447	2,492,963	
37,978	700,112	5,745,126	
(37,978)	(703,308)	-	
-	(3,196)	5,745,126	
-	24,966	399,785	
\$ -	\$ 21,770	\$ 6,144,911	

See auditor's report

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

Schedule of Functional Expenses by Cost Center

Florida Department of Children and Families - District 15

for the Year Ended June 30, 2013

	PROGRAM SERVICES			SUPPORT SERVICES	TOTAL
	Outpatient	Residential	Total Program Services	Administrative	
Personnel expenses:					
Salaries	\$ 24,935	\$ 117,163	\$ 142,098	\$ 5,684	\$ 147,782
Fringe benefits	6,491	14,016	20,507	820	21,327
Total personnel expenses	31,426	131,179	162,605	6,504	169,109
Operating expenses:					
Building occupancy	11,497	52,897	64,394	2,576	66,970
Professional services	10,272	12,569	22,841	914	23,755
Travel	-	498	498	20	518
Equipment	721	1,216	1,937	77	2,014
Food services	-	15,891	15,891	-	15,891
Medical and pharmacy	5,179	2,434	7,613	305	7,918
Insurance	2,351	8,387	10,738	430	11,168
Interest	-	-	-	-	-
Operating supplies and expenses	2,055	3,948	6,003	240	6,243
Other expenses	1,498	139	1,637	65	1,702
Total operating expenses	33,573	97,979	131,552	4,627	136,179
Total personnel and operating expenses	64,999	229,158	294,157	11,131	305,288
Distributed costs:					
Administration	2,460	8,671	11,131	(11,131)	-
Total expenses	67,459	237,829	305,288	-	305,288
Capital expenditures	3,798	12,249	16,047	642	16,689
Total	\$ 71,257	\$ 250,078	\$ 321,335	\$ 642	\$ 321,977

See auditor's report

REQUIRED REPORTS

COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

*Schedule of Findings and Questioned Costs – Federal Awards Programs and State Financial Assistance Projects
For the Year Ended June 30, 2013*

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Comprehensive Alcoholism Rehabilitation Programs, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.
3. No instances of noncompliance material to the financial statements of Comprehensive Alcoholism Rehabilitation Programs, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL.
5. The auditor's report on compliance for the major federal award programs for Comprehensive Alcoholism Rehabilitation Programs, Inc. expresses an unqualified opinion on all major federal programs and state projects.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General are reported in this Schedule.
7. The programs tested as major programs include Substance Abuse Services, CFDA #93.959, CSFA #60.030 and #70.016.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Comprehensive Alcoholism Rehabilitation Programs, Inc. was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None to note.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None to note.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None to note since there were no prior audit findings.

FINDINGS REQUIRED TO BE REPORTED UNDER RULE 10.656(3) (e) OF THE STATE OF FLORIDA AUDITOR GENERAL

No items related to State financial assistance required to be reported.

Berkowitz, Huff & Viniar

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
National Association of Certified Valuation
Analysts

INDEPENDENT AUDITOR'S 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
Comprehensive Alcoholism Rehabilitation Programs, Inc.
West Palm Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Comprehensive Alcoholism Rehabilitation Programs, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Comprehensive Alcoholism Rehabilitation Programs, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Comprehensive Alcoholism Rehabilitation Programs, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Comprehensive Alcoholism Rehabilitation Programs, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BERKOWITZ, Huff & VINIAR

Berkowitz, Huff & Viniar
September 4, 2013

Berkowitz, Huff & Viniar

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
National Association of Certified Valuation
Analysts

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of
Comprehensive Alcoholism Rehabilitation Programs, Inc.
West Palm Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited Comprehensive Alcoholism Rehabilitation Programs, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *State of Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Comprehensive Alcoholism Rehabilitation Programs, Inc.'s major federal programs and state projects for the year ended June 30, 2013. Comprehensive Alcoholism Rehabilitation Programs, 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Comprehensive Alcoholism Rehabilitation Programs, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, State of Florida Rules of the Auditor General. Those standards and OMB Circular A-133 and Chapter 10.650, State of Florida 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 occurred. An audit includes examining, on a test basis, evidence about Comprehensive Alcoholism Rehabilitation Programs, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Comprehensive Alcoholism Rehabilitation Programs, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Comprehensive Alcoholism Rehabilitation Programs, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Comprehensive Alcoholism Rehabilitation Programs, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Comprehensive Alcoholism Rehabilitation Programs, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, State of Florida 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 Comprehensive Alcoholism Rehabilitation Programs, 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, State of Florida Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Berkowitz, Huff & Viniar

Berkowitz, Huff & Viniar
September 4, 2013