

**COMPREHENSIVE ALCOHOLISM  
REHABILITATION PROGRAMS, INC.**

**FINANCIAL STATEMENTS  
JUNE 30, 2014**

***Berkowitz & Huff, P.A.***  
Certified Public Accountants  
Stuart, Florida

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**TABLE OF CONTENTS**

---

INDEPENDENT AUDITOR'S REPORT ..... 1

**FINANCIAL STATEMENTS:**

Statement of Financial Position ..... 3  
Statement of Activities and Changes in Net Assets ..... 5  
Statement of Functional Expenses ..... 6  
Statement of Cash Flows ..... 8  
Notes to Financial Statements ..... 9

**SUPPLEMENTARY INFORMATION:**

Schedule of Expenditures of Federal Awards and State Financial Assistance ..... 23  
Schedule of Support, Revenues, & Gains by Cost Center ..... 25  
Schedule of Functional Expenses by Cost Center..... 28  
Schedule of Related Party Transaction Adjustments..... 30

**REQUIRED REPORTS:**

Schedule of Findings and Questioned Costs - Federal Awards Programs and State  
Financial Assistance Projects ..... 32

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* AND CHAPTER 10.650, STATE OF  
FLORIDA RULES OF THE AUDITOR GENERAL ..... 33

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, STATE OF FLORIDA RULES OF THE AUDITOR GENERAL ..... 35

# Berkowitz & Huff, P.A.

Certified Public Accountants



## 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, 2014, 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 presentation 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 and the State of Florida Rules of the Auditor General Chapter 10.650. 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, 2014, 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 and the State of Florida Rules of the Auditor General Chapter 10.650.

## ***Report on Summarized Comparative Information***

Berkowitz, Huff & Viniar has previously audited Comprehensive Alcoholism Rehabilitation Programs, Inc.'s June 30, 2013 financial statements, and they expressed an unqualified opinion on those financial statements in their report dated September 4, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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 purpose 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* and the State of Florida Rules of the Auditor General Chapter 10.650, we have also issued our report dated September 30, 2014, 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* State of Florida Rules of the Auditor General Chapter 10.650 in considering Comprehensive Alcoholism Rehabilitation Programs, Inc.'s internal control over financial reporting and compliance.

***Berkowitz & Huff P.A.***

Berkowitz & Huff, P.A.  
September 30, 2014

# COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.

## Statement of Financial Position

as of June 30, 2014

(With Comparative Totals as of June 30, 2013)

	2014	2013
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 481,716	\$ 762,294
Cash and cash equivalents held in trust	49,292	13,064
Total cash and cash equivalents	<u>531,008</u>	<u>775,358</u>
Marketable securities	24,816	-
Marketable securities held in trust	1,643,491	1,698,938
Inventory	3,048	3,201
Grants and contracts receivable	451,078	749,719
Other receivables	73,509	27,364
Prepaid expenses	98,782	132,706
Total current assets	<u>2,825,732</u>	<u>3,387,286</u>
<b>Property and equipment:</b>		
Land	2,835,000	2,400,000
Buildings and improvements	7,732,305	8,521,712
Leasehold improvements	195,369	195,369
Furniture, fixtures and equipment	1,261,666	1,241,116
Automobiles and vans	125,930	126,230
Total fixed assets	<u>12,150,270</u>	<u>12,484,427</u>
Less accumulated depreciation	<u>(2,603,018)</u>	<u>(2,232,969)</u>
Total property and equipment	<u>9,547,252</u>	<u>10,251,458</u>
<b>Other assets:</b>		
Loan costs	64,119	-
Accumulated amortization	(4,809)	-
Deferred compensation expense	2,268,150	-
Deposits	21,370	21,164
Total other assets	<u>2,348,830</u>	<u>21,164</u>
<b>Total assets</b>	<u><b>\$ 14,721,814</b></u>	<u><b>\$ 13,659,908</b></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, 2014**(With Comparative Totals as of June 30, 2013)*

	2014	2013
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 119,411	\$ 64,301
Accrued payroll	106,260	96,672
Accrued vacation	69,279	161,983
Payroll taxes payable	6,181	6,030
Other liabilities	42,563	68,021
Deferred compensation obligation-current	100,414	-
Mortgage payable - current portion	217,000	300,000
Interest payable	1,788	4,198
Total current liabilities	<u>662,896</u>	<u>701,205</u>
Long-term liabilities:		
Deferred compensation obligation	2,167,736	-
Mortgage payable	2,223,170	2,300,000
Total long-term liabilities	<u>4,390,906</u>	<u>2,300,000</u>
<b>Total liabilities</b>	<b><u>5,053,802</u></b>	<b><u>3,001,205</u></b>
<b>Net assets:</b>		
Unrestricted	7,895,956	8,891,224
Temporarily restricted	1,692,783	1,712,002
Permanently restricted	79,273	55,477
<b>Total net assets</b>	<b><u>9,668,012</u></b>	<b><u>10,658,703</u></b>
<b>Liabilities and net assets</b>	<b><u>\$ 14,721,814</u></b>	<b><u>\$ 13,659,908</u></b>

*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, 2014*

*(With Comparative Totals for the Year Ended June 30, 2013)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2014	2013
<b>Support, Revenues and Gains:</b>					
Public support					
State - DCF Substance Abuse	\$ 2,712,209	\$ -	\$ -	\$ 2,712,209	\$ 3,040,122
Palm Beach County	785,419	-	-	785,419	814,565
United Way	75,599	-	-	75,599	73,009
Contributions	54,168	-	-	54,168	171,739
<b>Total public support</b>	<b>3,627,395</b>	<b>-</b>	<b>-</b>	<b>3,627,395</b>	<b>4,099,435</b>
Other revenues and gains:					
State and local service	774,223	-	-	774,223	830,452
Client fees	199,822	-	-	199,822	274,342
Food stamps	127,404	-	-	127,404	113,174
Federal Probation Program	16,159	-	-	16,159	47,162
United States Pretrial	758	-	-	758	9,632
Fund-raising	154,856	-	-	154,856	241,670
Endowments	-	-	23,651	23,651	9,390
Unrealized gain on investments	2,656	36,605	-	39,261	5,945,573
Investment income	1,333	109,448	6	110,787	59,137
Miscellaneous	41,281	-	-	41,281	46,587
<b>Total other revenues and gains</b>	<b>1,318,492</b>	<b>146,053</b>	<b>23,657</b>	<b>1,488,202</b>	<b>7,577,119</b>
Net assets released from restrictions	165,133	(165,272)	139	-	-
<b>Total support, revenues &amp; gains</b>	<b>5,111,020</b>	<b>(19,219)</b>	<b>23,796</b>	<b>5,115,597</b>	<b>11,676,554</b>
<b>Functional Expenses:</b>					
Program services:					
Outpatient	811,004	-	-	811,004	871,434
Residential	2,576,567	-	-	2,576,567	2,762,442
Detoxification	1,423,558	-	-	1,423,558	1,373,158
<b>Total program services</b>	<b>4,811,129</b>	<b>-</b>	<b>-</b>	<b>4,811,129</b>	<b>5,007,034</b>
Supporting services:					
Administration	662,347	-	-	662,347	700,114
Fundraising	42,466	-	-	42,466	37,978
<b>Total supporting services</b>	<b>704,813</b>	<b>-</b>	<b>-</b>	<b>704,813</b>	<b>738,092</b>
<b>Total functional expenses</b>	<b>5,515,942</b>	<b>-</b>	<b>-</b>	<b>5,515,942</b>	<b>5,745,126</b>
<b>Other:</b>					
Deferred compensation expense	150,000	-	-	150,000	-
<b>Total expenses</b>	<b>5,665,942</b>	<b>-</b>	<b>-</b>	<b>5,665,942</b>	<b>5,745,126</b>
Change in net assets	(554,922)	(19,219)	23,796	(550,345)	5,931,428
Net assets, beginning of year	8,891,224	1,712,002	55,477	10,658,703	4,727,275
Prior period adjustment	(440,346)	-	-	(440,346)	-
<b>Net assets, end of year</b>	<b>\$ 7,895,956</b>	<b>\$ 1,692,783</b>	<b>\$ 79,273</b>	<b>\$ 9,668,012</b>	<b>\$ 10,658,703</b>

*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, 2014**(With Comparative Totals for the Year Ended June 30, 2013)*

	<b>PROGRAM SERVICES</b>			
	<b>Outpatient &amp; Outreach</b>	<b>Residential</b>	<b>Detoxification</b>	<b>Total Program Services</b>
Personnel expenses:				
Salaries & taxes	\$ 348,263	\$ 881,595	\$ 674,636	\$ 1,904,494
Benefits & insurance	85,422	267,768	176,562	529,752
<b>Total personnel expenses</b>	<b>433,685</b>	<b>1,149,363</b>	<b>851,198</b>	<b>2,434,246</b>
Operating expenses:				
Building occupancy	166,061	455,582	124,780	746,423
Professional services	57,742	179,392	118,441	355,575
Travel	240	8,294	2,562	11,096
Equipment	3,736	28,992	7,941	40,669
Food services	-	308,275	84,490	392,765
Medical and pharmacy	41,938	12,101	126,660	180,699
Insurance	72,189	168,636	46,219	287,044
Interest	8,610	69,102	18,790	96,502
Operating supplies	25,795	85,773	40,450	152,018
Donated expenses	-	108,000	-	108,000
Other expenses	1,008	3,057	2,027	6,092
<b>Total operating expenses</b>	<b>377,319</b>	<b>1,427,204</b>	<b>572,360</b>	<b>2,376,883</b>
<b>Total functional expenses</b>	<b>\$ 811,004</b>	<b>\$ 2,576,567</b>	<b>\$ 1,423,558</b>	<b>\$ 4,811,129</b>

*(continued on next page)**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, 2014*

*(With Comparative Totals for the Year Ended June 30, 2013)*

	SUPPORT SERVICES			TOTALS	
	Administrative	Fund Raising	Total Support Services	2014	2013
<b>Personnel expenses:</b>					
Salaries	\$ 406,350	\$ 14,046	\$ 420,396	\$ 2,324,890	\$ 2,543,369
Benefits & insurance	59,878	2,012	61,890	591,642	708,796
<b>Total personnel expenses</b>	<b>466,228</b>	<b>16,058</b>	<b>482,286</b>	<b>2,916,532</b>	<b>3,252,165</b>
<b>Operating expenses:</b>					
Building occupancy	33,240	-	33,240	779,663	723,418
Professional services	115,493	-	115,493	471,068	471,008
Travel	174	-	174	11,270	11,232
Equipment	2,274	-	2,274	42,943	40,206
Food services	-	-	-	392,765	358,075
Medical and pharmacy	949	-	949	181,648	169,233
Insurance	-	-	-	287,044	272,302
Interest	747	-	747	97,249	114,377
Operating supplies	12,030	-	12,030	164,048	153,745
Donated expenses	-	-	-	108,000	108,000
Other expenses	31,212	26,408	57,620	63,712	71,365
<b>Total operating expenses</b>	<b>196,119</b>	<b>26,408</b>	<b>222,527</b>	<b>2,599,410</b>	<b>2,492,961</b>
<b>Total functional expenses</b>	<b>\$ 662,347</b>	<b>\$ 42,466</b>	<b>\$ 704,813</b>	<b>\$ 5,515,942</b>	<b>\$ 5,745,126</b>

*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, 2014**(With Comparative Totals for the Year Ended June 30, 2013)*

	2014	2013
<b>Operating Cash Flows:</b>		
Cash received from public support, program service and other revenues	\$ 5,235,146	\$ 5,894,001
Cash paid to employees and suppliers	(5,084,320)	(5,402,745)
Interest paid	(97,249)	(114,377)
Investment income	68,299	59,595
Unrealized gain on investment	(39,261)	-
Realized loss on sale of investment	42,487	(458)
<b>Net operating cash flows</b>	<b>125,102</b>	<b>436,016</b>
<b>Investing cash flows:</b>		
Investments in marketable securities	(57,648)	(99,000)
Purchase of property and equipment	(87,855)	(99,786)
<b>Net investing cash flows</b>	<b>(145,503)</b>	<b>(198,786)</b>
<b>Financing cash flows:</b>		
Loan costs	(64,119)	-
Loan borrowings net of payments	(159,830)	(300,000)
<b>Net financing cash flows</b>	<b>(223,949)</b>	<b>(300,000)</b>
Net increase (decrease) in cash	(244,350)	(62,770)
Cash and cash equivalents, beginning of year	775,358	838,128
<b>Cash and cash equivalents, end of year</b>	<b>\$ 531,008</b>	<b>\$ 775,358</b>
<b>Reconciliation of Change in Net Assets to Operating Cash Flows:</b>		
Change in net assets	\$ (550,345)	\$ 5,931,428
Amortization expense	4,809	-
Depreciation expense	351,415	310,432
Donated stock	(22,160)	-
Unrealized gain on property valuation	(39,261)	(5,945,573)
Deferred compensation expense	150,000	-
Change in:		
Receivables	252,496	222,157
Inventory	153	-
Prepaid expenses	33,924	(35,593)
Deposits	(206)	625
Payables and other liabilities	(55,723)	(47,460)
<b>Net operating cash flow</b>	<b>\$ 125,102</b>	<b>\$ 436,016</b>

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

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**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, 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, 2014**

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**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, 2014, 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 \$49,292 in cash and \$1,643,491 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, June 30, 2013, and June 30, 2014 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.

**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.

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Inventory**

The Organization purchases office supplies and client commissary supplies in bulk. The purchases are recorded in inventory at cost and charged to their respective departments, at cost when used. At June 30, 2014 total inventory was \$ 3,048.

**Deposits**

The Organization records deposits submitted to vendors as an asset until the expiration of the deposit holding period. At June 30, 2014, aggregate deposits were \$19,835, of which \$4,730 was to secure utility services for rental units and \$15,105 was for rental properties.

**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	\$	64,797
United States Probation		234
Southeast Florida Behavioral Health Network, Inc.		235,617
Palm Beach County		149,062
Riviera Beach Drug Court		754
ATR		614
Total	\$	<u>451,078</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 ended June 30, 2014 was \$351,415.

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 for the adolescent program teacher are recorded at fair market value as determined by the School Board and the Organization. Total value of these donations for the year ended June 30, 2014 is \$108,000. 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.

**Summarized Financial Information for 2013**

The financial information for the year ended June 30, 2013, 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, 2013, from which the summarized information was derived.

**NOTE 3: 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.

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 3: FAIR VALUE MEASUREMENT***(continued)*

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 and marketable securities have been valued using Level 1 inputs. The valuation of land and buildings has been changed from their historic value to current appraised market value which management feels estimates fair value. This valuation is based on Level 2 inputs.

**NOTE 4: INVESTMENTS HELD IN TRUST**

In October 2006, the Board of Directors adopted a Nonqualified Deferred Compensation Plan for its Executive Director. Also on October 26, 2006 the Organization created a Rabbi Trust pursuant to the provision in IRS Internal Revenue Code 409A to fund this Deferred Compensation Plan. As part of the requirements under IRC 409A, the trust assets were reachable by the general creditors of the Organization, but not by the Organization itself, until such time as the full amount of the Deferred Compensation Plan Arrangement had been paid to plan participants. This trust agreement contained a provision that allowed for the assets of the trust to become unreachable by general creditors upon the retirement of the former 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 plan assets are currently managed by Reliance Trust Company of Delaware, the trustee under the Deferred Compensation Plan Trust Agreement.

In May 2014, the former Executive Director voluntarily retired from the Organization. Upon his retirement, the assets in the trust became held exclusively for the uses and benefit of the plan participants and no longer reachable by general creditors. However, the Organization maintains a reversionary interest under the trust and any unused assets under the Deferred Compensation Plan will revert back to the Organization upon the death of the vested former Executive Director. Therefore, the plan assets remain on the statement of financial position, along with a deferred compensation obligation related to minimum required future payments.

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4: INVESTMENTS HELD IN TRUST (continued)**

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, 2014		
	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ -	\$ 66,961	\$ 66,961
Net realized gains (losses)	-	42,487	42,487
Net unrealized gains (losses)	-	36,605	36,605
<b>Total investment return</b>	<b>\$ -</b>	<b>\$ 146,053</b>	<b>\$ 146,053</b>

As of June 30, 2014, there was \$1,692,788 held in trust at Reliance Trust Company of Delaware for this Nonqualified Deferred Compensation Plan. Plan assets include cash in the amount of \$49,292 and marketable securities in the amount of \$1,643,491. The fair value measurements at reporting date are using quoted prices in active markets for identical assets.

	June 30, 2014		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Short term investments - Now account	\$ 49,292	\$ 49,292	\$ -
Trading securities	1,548,552	1,643,491	94,939
<b>Total investments held in trust</b>	<b>\$ 1,597,844</b>	<b>\$ 1,692,783</b>	<b>\$ 94,939</b>

**NOTE 5: DEFERRED COMPENSATION OBLIGATIONS**

The Nonqualified Deferred Compensation Plan was amended and restated on January 31, 2014 with a first amendment executed on May 16, 2014. In May 2014 the Executive Director retired and became vested in the Deferred Compensation Plan. As a result, an annual payment of \$100,414 is due in monthly installments beginning July 1, 2014. The annual payments will increase no less than 3% per year until the plan obligation is fulfilled.

The deferred compensation obligation has been calculated based on the remaining life expectancy of the plan participants as determined by the Social Security Administration of the United States of America, the minimum payments required per the plan document and a conservative rate of return on plan assets, determined by the Organization, based on prior performance and current market conditions. As of June 30, 2014, the plan assets held in trust are deemed sufficient to fulfil the expected future benefit payments.



**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 5: DEFERRED COMPENSATION OBLIGATIONS (continued)**

Expected future benefit payments for each of the next five fiscal years and the aggregate for the remaining life expectancy of the plan participants is reported as deferred compensation expense with the as follows:

FYE 6/30/15	\$ 100,414
FYE 6/30/16	103,426
FYE 6/30/17	106,529
FYE 6/30/18	109,725
FYE 6/30/19	113,017
Thereafter	<u>1,735,039</u>
Total obligation	<u>\$ 2,268,150</u>

The current portion of this obligation in the amount of \$100,414 is reported in the Organization's current liabilities and the remaining \$2,167,736 is reported as a long-term liability.

**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; years five through nine, ten days per year accrue; and years ten through 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. As of June 30, 2014, accrued annual leave pay totaled \$69,279.

**NOTE 7: LONG TERM DEBT**

On September 25, 2013 the Organization signed a mortgage promissory note with Grand Bank and Trust for \$2,600,000. The interest rate on the note is 4.125% for the first 7 years adjusting to 2.75% over the 5 year Average Treasury Security Index fixed for the remaining three years. Monthly principal and interest payments are \$26,551 and are based on a 10 year amortization. Final maturity of the loan is September 25, 2023. At June 30, 2014, outstanding mortgage payable is as follows:

Total mortgage balance at June 30, 2014	\$ 2,440,170
Less: current portion	<u>217,000</u>
Total long-term debt	<u>\$ 2,223,170</u>

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 7: LONG TERM DEBT (continued)**

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

ending June 30:	
2015	\$ 217,000
2016	220,000
2017	230,000
2018	245,000
2019	256,000
Thereafter	1,272,170
	<u>\$ 2,440,170</u>

Interest paid on the above mortgage for the year ended June 30, 2014 was \$97,249.

**NOTE 8: LINE OF CREDIT**

The Organization obtained a line of credit from Grand Bank and Trust on September 25, 2013 in the amount of \$350,000. No money was drawn on this line for the year ended June 30, 2014 and the remaining available balance remains at \$350,000.

**NOTE 9: LEASE COMMITMENTS**

The programs and services of the Organization offsite of their main campus were provided from three leased facilities during the year.

The Stuart location provides for monthly rent payments in the amount of \$3,241 including taxes and fees and expires on April 30, 2015. The Lake Worth location provides for monthly rent payments in the amount of \$4,120 including taxes and fees and expires on February 28, 2015.

The Belle Glade location provides for a monthly rent payment in the amount of \$705, including taxes and fees.

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, 2014, for all buildings was \$96,513.

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 10: 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, 2014, the Organization had \$1,692,788 of temporarily restricted net assets, as follows:

Cash and cash equivalents held in trust	\$ 49,292
Marketable securities held in trust	1,643,491
Total temporarily restricted net assets	<u>\$ 1,692,783</u>

**NOTE 11: 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 \$23,939, interest of \$6, incurred bank charges in the amount of \$150, for a net fund increase of \$23,795. At June 30, 2014, the balance in the endowment fund was \$79,273.

**NOTE 12: 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. Beginning July 1, 2013 the contracted amount of grant revenues distributed by SEFBHN, as a vendor of DCF, to the Organization was reduced by 5.1% to allow for the management fee. The total amount of grant revenue recognized by the Organization is net of these fees. The Organization and SEFBHN have renewed the contract for funding until December 31, 2014.

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 13: 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	\$	549,841
ATR		4,692
Palm Beach School District		108,000
Drug Courts		25,840
Homeless Outreach Team		85,850
Total	\$	<u>774,223</u>

**NOTE 14: MATCHING REQUIREMENT**

The Organization received a substantial portion of its support from the State of Florida, under grant contract numbers ID093, LDF03, and ZD304 with the Southeast Florida Behavioral Health Network (a vendor for the Department of Children and Families), Substance Abuse and Mental Health Services Program. ID093 expired on September 30, 2013 and LDF03 expired on June 30, 2014. 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, 2014 the reimbursable expenses were as follows:

	<u>ZD304</u>	<u>ID093</u>	<u>LDF03</u>	<u>Total</u>
Total expenditures	\$ 40,951	\$ 1,331,846	\$ 4,293,145	\$ 5,665,942
Less: other State and Federal funds	(1,283)	(387,365)	(1,187,911)	(1,576,559)
Less: non-match SAMH funds	(689)	(329,099)	(497,041)	(826,829)
Less: unallowable costs per 65E-14, F.A.C.	-	-	(42,466)	(42,466)
Total allowable expenditures	<u>38,979</u>	<u>615,382</u>	<u>2,565,727</u>	<u>3,220,088</u>
Maximum earnings available	<u>29,234</u>	<u>461,537</u>	<u>1,924,295</u>	<u>2,415,066</u>
Amount of State funds requiring match	3,412	135,055	225,842	364,309
Excess match	<u>\$ 25,822</u>	<u>\$ 326,482</u>	<u>\$ 1,698,453</u>	<u>\$ 2,050,757</u>

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 15: DEPARTMENT OF CORRECTIONS**

The revenue per unit of monies received from the Department of Corrections contracts as of June 30, 2014, 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	$\frac{\$ 501,241}{10,495} = \$ 47.76$ per diem
Palm Beach County - Outpatient	$\frac{\$ 42,481}{1,877} = \$ 22.63$ per session/per client
Martin County - Outpatient	$\frac{\$ 6,119}{229} = \$ 26.77$ per session/per client

**NOTE 16: BED AVAILABILITY PAYMENTS**

The Organization received a portion of its support from the Federal Government and the State of Florida under grant contracts number ID093, LDF03, and Z304 with the Southeast Florida Behavioral Health Network (SEFBHN) (a vendor of the Department of Children and Families). Under the contract, the Organization must provide the SEFBHN 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	\$ 149.51	\$ 149.51
B Available bed days	8,760	365
C Units paid by other parties	4,070	-
D Eligible units (B - C)	4,690	365
E Amount paid by DCF	563,752	29,876
F Maximum value of C (A x D)	701,272	54,571
G Amount DCF overpaid	-	-
<u>Units Paid by Others</u>	<u>Received</u>	
PBC Community Match	\$ 393,696	
Riviera Beach Drug Court	2,172	
Others	107,893	
Client fees	104,675	
Total dollar amount	608,436	
Unit rate	149.51	
Unit equivalent	4,070	

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**NOTE 17: 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, 2014, were \$77,339 with \$23,000 going to the former CEO.

**NOTE 18: DEFERRED COMPENSATION EXPENSE**

On May 30, 2014 a \$150,000 lump sum deferred compensation payment was made to the Organization's former Executive Director pursuant to the terms of the amended and restated Deferred Compensation Plan Agreement executed on May 16, 2014. The payment was made from trust assets and recognized as deferred compensation expense by the Organization. Future payments made pursuant to this agreement will also be recognized as an expense as paid.

**NOTE 19: 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, 2014**

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**NOTE 20: RELATED PARTY TRANSACTIONS**

The president of the Organization's Board of Directors is also a majority shareholder of Grand Bank and Trust of Florida ("the Bank"). During the year, the Organization refinanced its mortgage with the Bank and moved a majority of its accounts there as well. All transactions between the Organization and the Bank were consummated at arms-length. The total expenses paid to the Bank for the year ended June 30, 2014 are as follows:

Interest	\$ 91,756
Bank Fees	962
Loan Origination Fees	7,150
Total to Grand Bank & Trust	<u>\$ 99,868</u>

**NOTE 21: MAJOR FUNDERS**

Major funders who have provided greater than 10% of total support are as follows:

Dept. of Children and Families	\$ 2,716,901
Dept. of Corrections	549,841
Palm Beach County	785,419

The Organization receives approximately 90% of its funding from the above agencies. A policy change at these agencies could have an adverse effect on operations.

**NOTE 22: SUBSEQUENT EVENTS**

**Sale of Stock**

Only July 15, 2014, 1600 shares of Keryx Biopharmaceuticals donated stock were sold for \$23,993 at a recognized loss of \$833. The proceeds were transferred to the Organizations operating account.

**NOTE 23: PRIOR PERIOD ADJUSTMENT**

The adjustment of the Organization's building and land to fair value for the year ended June 30, 2014 was based on an old appraisal instead of the appraisal that was done on June 25, 2013. In addition, the value of the building improvements were included in the appraisal, but not considered when making the fair value adjustment in the prior year. As a result, the net assets were overstated by \$440,346. A prior period adjustment was made to reduce net assets and to correct the building and land values at June 30, 2014.

**NOTE 24: DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through September 30, 2014, 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, 2014*

Federal Grantor/Pass-through Grantor/Program	Contract Number	CFDA Number	CSFA Number	Amount
<b>Federal Awards:</b>				
U.S. Department of Health and Human Services				
Pass-through:				
Florida Department of Children and Families				
Block Grant Prevention and Treatment of Substance Abuse	ID093	93.959	-	\$ 370,088
Temporary Assistance for Needy Families	ID093	93.558	-	208
Temporary Assistance for Needy Families	LDF03	93.558	-	854
Block Grant Prevention and Treatment of Substance Abuse	LDF03	93.959	-	1,241,864
Prevention and Treatment of Substance Abuse	ZD304	93.959	-	23,778
Total Florida Department of Children and Families				<u>1,636,792</u>
<b>Total Expenditures of Federal Awards</b>				<u><u>\$ 1,636,792</u></u>
<b>State Financial Assistance:</b>				
Florida Department of Children and Families				
Block Grant Prevention and Treatment of Substance Abuse	ID093	93.959	60.034	\$ 16
Block Grant Prevention and Treatment of Substance Abuse	ID093	93.959		274,930
Block Grant Prevention and Treatment of Substance Abuse	LDF03	93.959		785,206
Block Grant Prevention and Treatment of Substance Abuse	LDF03	93.959	60.034	64
Prevention and Treatment of Substance Abuse	ZD304	93.959	60.030	15,201
Total Florida Department of Children and Families				<u>1,075,417</u>
Florida Department of Corrections:				
Non-secure Residential Substance Abuse Treatment Program	C2413	-	70.016	501,241
Non-secure Residential Substance Abuse Treatment Program	C2784	-	70.016	48,600
Total Florida Department of Corrections				<u>549,841</u>
<b>Total Expenditures of State Financial Assistance</b>				<u><u>\$ 1,625,258</u></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, 2014*

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**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 Support, Revenues, & Gains by Cost Center*

*Southeast Florida Behavioral Health Network*

*for the Year Ended June 30, 2014*

	<b>COST CENTERS</b>						
	Assessment	Case Management	Intervention	Medical Psychiatric	Outpatient	Prevention Education	Aftercare
<b>State SAMH Funding:</b>							
Adult Tx and aftercare (9)	\$ 62,598	\$ 84,800	\$ 35,307	\$ 33,565	\$ 137,899	\$ -	\$ 18,627
Adult detox (9)	-	-	-	-	-	-	-
Adult prevention (9)	-	-	-	-	-	12,063	-
Adult incidental funding (9)	-	-	-	-	-	-	-
Adult TANF (9)	-	-	-	-	-	-	-
Adolescent Tx and aftercare (9)	4,833	2,865	-	5,693	30,945	-	100
Adolescent detox	-	-	-	-	-	-	-
District 15 ADM Funding	2,825	2,431	1,075	-	5,720	-	616
<b>Total State SAMH Funding</b>	<b>70,256</b>	<b>90,096</b>	<b>36,382</b>	<b>39,258</b>	<b>174,564</b>	<b>12,063</b>	<b>19,343</b>
<b>Other governmental funding:</b>							
Other State agency funding	4,860	2,010	4,860	2,430	39,132	-	-
Medicaid	-	-	-	-	-	-	-
Local government	8,692	8,692	2,367	1,183	20,117	-	-
Federal grants and contracts	1,161	-	-	-	4,645	-	-
In-kind (local gov't only)	-	-	-	-	-	-	-
<b>Total other governmental funding</b>	<b>14,713</b>	<b>10,702</b>	<b>7,227</b>	<b>3,613</b>	<b>63,894</b>	<b>-</b>	<b>-</b>
<b>All other revenues:</b>							
1st and 2nd party payments	200	3,000	500	100	2,000	-	-
3rd party payments	-	-	-	-	-	-	-
United Way	500	1,100	2,400	100	1,200	10,000	2,796
Contributions and donations	100	100	50	700	13,050	10,000	3,000
Miscellaneous	-	-	-	-	-	-	-
<b>Total all other revenues</b>	<b>800</b>	<b>4,200</b>	<b>2,950</b>	<b>900</b>	<b>16,250</b>	<b>20,000</b>	<b>5,796</b>
<b>Total Revenue, support and gains</b>	<b>\$ 85,769</b>	<b>\$ 104,998</b>	<b>\$ 46,559</b>	<b>\$ 43,771</b>	<b>\$ 254,708</b>	<b>\$ 32,063</b>	<b>\$ 25,139</b>

*(continued on next page)*

*See auditor's report*

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**

*Schedule of Support, Revenues, & Gains by Cost Center*

*Southeast Florida Behavioral Health Network*

*for the Year Ended June 30, 2014*

	<b>COST CENTERS</b>				
	<b>Adult Residential</b>	<b>Adolescent Residential</b>	<b>Detoxification</b>	<b>Homeless Assessment Center</b>	<b>Total State Funded Cost Centers</b>
<b>State SAMH Funding:</b>					
Adult Tx and aftercare (9)	\$ 1,329,862	\$ -	\$ -	\$ -	\$ 1,702,658
Adult detox (9)	-	-	563,752	-	563,752
Adult prevention (9)	-	-	-	-	12,063
Adult incidental funding (9)	-	-	-	-	-
Adult TANF (9)	1,144	-	-	-	1,144
Adolescent Tx and aftercare (9)	-	319,390	-	-	363,826
Adolescent detox	-	-	29,786	-	29,786
District 15 ADM Funding	26,311	-	-	-	38,978
<b>Total State SAMH Funding</b>	<b>1,357,317</b>	<b>319,390</b>	<b>593,538</b>	<b>-</b>	<b>2,712,207</b>
<b>Other governmental funding:</b>					
Other State agency funding	501,241	-	-	-	554,533
Medicaid	-	-	-	-	-
Local government	280,859	93,485	395,864	-	811,259
Federal grants and contracts	11,110	-	-	-	16,916
In-kind (local gov't only)	-	108,000	-	-	108,000
<b>Total other governmental funding</b>	<b>793,210</b>	<b>201,485</b>	<b>395,864</b>	<b>-</b>	<b>1,490,708</b>
<b>All other revenues:</b>					
1st and 2nd party payments	50,000	11,067	132,955	-	199,822
3rd party payments	-	121,000	6,404	-	127,404
United Way	14,248	31,721	11,534	-	75,599
Contributions and donations	-	144,000	61,675	-	232,675
Miscellaneous	-	41,287	-	-	41,287
<b>Total all other revenues</b>	<b>64,248</b>	<b>349,075</b>	<b>212,568</b>	<b>-</b>	<b>676,787</b>
<b>Total Revenue, support and gains</b>	<b>\$ 2,214,775</b>	<b>\$ 869,950</b>	<b>\$ 1,201,970</b>	<b>\$ -</b>	<b>\$ 4,879,702</b>

*(continued on next page)*

*See auditor's report*

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**

*Schedule of Support, Revenues, & Gains by Cost Center*

*Southeast Florida Behavioral Health Network*

*for the Year Ended June 30, 2014*

	Total Non- State Funded	Total Designated SAMH Cost Centers	Non-SAMH Cost Centers	TOTAL SUPPORT, REVENUES AND GAINS
<b>State SAMH Funding:</b>				
Adult Tx and aftercare (9)	\$ -	\$ 1,702,660	\$ -	\$ 1,702,660
Adult detox (9)	-	563,752	-	563,752
Adult prevention (9)	-	12,063	-	12,063
Adult incidental funding (9)	-	-	-	-
Adult TANF (9)	-	1,144	-	1,144
Adolescent Tx and aftercare (9)	-	363,826	-	363,826
Adolescent detox	-	29,786	-	29,786
District 15 ADM Funding	-	38,978	-	38,978
<b>Total State SAMH Funding</b>	<b>-</b>	<b>2,712,209</b>	<b>-</b>	<b>2,712,209</b>
<b>Other governmental funding:</b>				
Other State agency funding	-	554,533	-	554,533
Medicaid	-	-	-	-
Local government	85,850	897,109	-	897,109
Federal grants and contracts	-	16,916	-	16,916
In-kind (local gov't only)	-	108,000	-	108,000
<b>Total other governmental funding</b>	<b>85,850</b>	<b>1,576,558</b>	<b>-</b>	<b>1,576,558</b>
<b>All other revenues:</b>				
1st and 2nd party payments	-	199,822	-	199,822
3rd party payments	-	127,404	-	127,404
United Way	-	75,599	-	75,599
Contributions and donations	-	232,675	-	232,675
Miscellaneous	-	41,287	150,043	191,330
<b>Total all other revenues</b>	<b>-</b>	<b>676,787</b>	<b>150,043</b>	<b>826,830</b>
<b>Total Revenue, support and gains</b>	<b>\$ 85,850</b>	<b>\$ 4,965,554</b>	<b>\$ 150,043</b>	<b>\$ 5,115,597</b>

*See auditor's report*

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**

*Schedule of Functional Expenses by Cost Center*

*Southeast Florida Behavioral Health Network*

*for the Year Ended June 30, 2014*

**STATE FUNDED SAMH COST CENTERS**

**OUTPATIENT PROGRAMS**

	Assessment	Case Management	Intervention	Medical Psychiatric	Outpatient	Prevention Education	Aftercare	TOTAL OUTPATIENT
<b>Personnel expenses:</b>								
Salaries	\$ 39,682	\$ 46,305	\$ 18,532	\$ 654	\$ 154,384	\$ 17,433	\$ 8,155	\$ 285,145
Fringe benefits	11,168	12,498	4,055	133	35,366	5,318	3,523	72,061
<b>Total personnel expenses</b>	<b>50,850</b>	<b>58,803</b>	<b>22,587</b>	<b>787</b>	<b>189,750</b>	<b>22,751</b>	<b>11,678</b>	<b>357,206</b>
<b>Other expenses:</b>								
Building occupancy	26,271	13,521	7,611	5,436	101,656	5,459	6,107	166,061
Professional services	7,432	8,355	2,781	92	24,110	3,510	2,257	48,537
Travel	31	35	11	-	99	15	10	201
Equipment	596	175	157	166	2,457	66	120	3,737
Food services	-	-	-	-	-	-	-	-
Medical and pharmacy	241	45	60	40,505	1,025	15	45	41,936
Insurance	7,942	5,031	5,956	1,677	50,309	-	1,274	72,189
Interest	1,378	258	344	430	5,855	86	258	8,609
Operating supplies and expenses	3,129	2,872	1,637	295	14,009	873	786	23,601
Donated items	-	-	-	-	-	-	-	-
Other	124	142	50	2	430	57	34	839
<b>Total other expenses</b>	<b>47,144</b>	<b>30,434</b>	<b>18,607</b>	<b>48,603</b>	<b>199,950</b>	<b>10,081</b>	<b>10,891</b>	<b>365,710</b>
<b>Total personnel and other expenses</b>	<b>97,994</b>	<b>89,237</b>	<b>41,194</b>	<b>49,390</b>	<b>389,700</b>	<b>32,832</b>	<b>22,569</b>	<b>722,916</b>
<b>Distributed costs:</b>								
Administration	16,958	19,469	7,934	286	65,387	7,631	3,413	121,078
<b>Total distributed costs</b>	<b>16,958</b>	<b>19,469</b>	<b>7,934</b>	<b>286</b>	<b>65,387</b>	<b>7,631</b>	<b>3,413</b>	<b>121,078</b>
<b>Less: unallowable costs:</b>								
<b>Total allowable operating expenses</b>	<b>114,952</b>	<b>108,706</b>	<b>49,128</b>	<b>49,676</b>	<b>455,087</b>	<b>40,463</b>	<b>25,982</b>	<b>843,994</b>
Capital expenditures	3,361	708	850	1,025	14,191	245	641	21,021
<b>Total</b>	<b>\$ 118,313</b>	<b>\$ 109,414</b>	<b>\$ 49,978</b>	<b>\$ 50,701</b>	<b>\$ 469,278</b>	<b>\$ 40,708</b>	<b>\$ 26,623</b>	<b>\$ 865,015</b>

*(continued on next page)*

*See auditor's report*

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**

*Schedule of Functional Expenses by Cost Center*

*Southeast Florida Behavioral Health Network*

*(With Comparative Totals for the Year Ended June 30, 2013)*

**STATE FUNDED SAMH COST CENTERS**

	Adult Residential	Adolescent Residential	TOTAL RESIDENTIAL	Detoxification	TOTAL STATE FUNDED	NON-STATE	SUPPORT SERVICES		TOTAL
						Outreach	Fundraising	Administrative	
<b>Personnel expenses:</b>									
Salaries	\$ 649,300	\$ 232,296	\$ 881,596	\$ 674,636	\$ 1,841,377	\$ 63,118	\$ 8,415	\$ 561,981	\$ 2,474,891
Fringe benefits	182,545	85,223	267,768	176,562	516,391	13,362	2,012	59,878	591,643
<b>Total personnel expenses</b>	<b>831,845</b>	<b>317,519</b>	<b>1,149,364</b>	<b>851,198</b>	<b>2,357,768</b>	<b>76,480</b>	<b>10,427</b>	<b>621,859</b>	<b>3,066,534</b>
<b>Other expenses:</b>									
Building occupancy	329,016	126,566	455,582	124,780	746,423	-	-	33,240	779,663
Professional services	123,092	56,300	179,392	118,441	346,370	9,205	-	115,493	471,068
Travel	7,049	1,245	8,294	2,562	11,057	38	-	174	11,269
Equipment	20,623	8,369	28,992	7,941	40,670	-	-	2,274	42,944
Food services	267,172	41,103	308,275	84,490	392,765	-	-	-	392,765
Medical and pharmacy	8,608	3,493	12,101	126,660	180,697	-	-	949	181,646
Insurance	146,151	22,485	168,636	46,219	287,044	-	-	-	287,044
Interest	49,155	19,947	69,102	18,790	96,501	-	-	5,420	101,921
Operating supplies and expenses	66,205	19,568	85,773	40,450	149,824	2,194	-	12,030	164,048
Donated items	-	108,000	108,000	-	108,000	-	-	-	108,000
Other	2,135	922	3,057	2,027	5,923	170	32,039	20,908	59,040
<b>Total other expenses</b>	<b>1,019,206</b>	<b>407,998</b>	<b>1,427,204</b>	<b>572,360</b>	<b>2,365,274</b>	<b>11,607</b>	<b>32,039</b>	<b>190,488</b>	<b>2,599,408</b>
<b>Total personnel and other expenses</b>	<b>1,851,051</b>	<b>725,517</b>	<b>2,576,568</b>	<b>1,423,558</b>	<b>4,723,042</b>	<b>88,087</b>	<b>42,466</b>	<b>812,347</b>	<b>5,665,942</b>
<b>Distributed costs:</b>									
Administration	344,730	140,273	485,003	286,154	892,235	21,862	-	(914,097)	-
<b>Total distributed costs</b>	<b>344,730</b>	<b>140,273</b>	<b>485,003</b>	<b>286,154</b>	<b>892,235</b>	<b>21,862</b>	<b>-</b>	<b>(914,097)</b>	<b>-</b>
<b>Less: unallowable costs:</b>									
<b>Total allowable operating expenses</b>	<b>2,195,781</b>	<b>865,790</b>	<b>3,061,571</b>	<b>1,709,712</b>	<b>5,615,277</b>	<b>109,949</b>	<b>-</b>	<b>(59,284)</b>	<b>5,665,942</b>
Capital expenditures	118,287	48,084	166,371	46,342	233,734	101	-	13,358	247,193
<b>Total</b>	<b>\$ 2,314,068</b>	<b>\$ 913,874</b>	<b>\$ 3,227,942</b>	<b>\$ 1,756,054</b>	<b>\$ 5,849,011</b>	<b>\$ 110,050</b>	<b>\$ -</b>	<b>\$ (45,926)</b>	<b>\$ 5,913,135</b>

*See auditor's report*

**COMPREHENSIVE ALCOHOLISM REHABILITATION PROGRAMS, INC.**

*Schedule of Related Party Transaction Adjustments*

*Southeast Florida Behavioral Health Network*

*for the Year Ended June 30, 2014*

	Contract			
	ZD304	ID093	LDF03	Total
Revenues from Grantee:				
Rent	\$ -	\$ -	\$ -	\$ -
Services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total Revenue from Grantee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses Associated with Grantee Transactions:				
Personnel Services	-	-	-	-
Depreciaton & Amortization			572	572
Interest			91,756	91,756
Other-Bank Fees			962	962
Total Associated Expenses	<u>-</u>	<u>-</u>	<u>93,290</u>	<u>93,290</u>
Amount allowable (necessary operating expenses in arms-length transaction)	<u>-</u>	<u>-</u>	<u>93,290</u>	<u>93,290</u>
Related Party Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2014*

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## **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, STATE OF FLORIDA 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 #60.034 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.



**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* AND  
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

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, and Chapter 10.650, State of Florida Rules of the Auditor General, the financial statements of Comprehensive Alcoholism Rehabilitation Programs, Inc., which comprise the statement of financial position as of June 30, 2014, 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 30, 2014.

***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* and Chapter 10.650, State of Florida Rules of the Auditor General.

***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* and Chapter 10.650, State of Florida Rules of the Auditor General in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Berkowitz & Huff, P.A.***

Berkowitz & Huff, P.A.  
September 30, 2014



**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, 2014. 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 and state projects 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 and state programs for the year ended June 30, 2014.

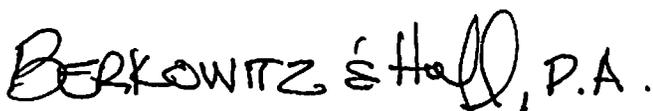
## **Report on Internal Control Over Compliance**

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, P.A.  
September 30, 2014