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CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Consolidated Financial Statements, Supplementary
Information and Regulatory Reports

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

June 30, 2014 and 2013

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

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CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Report of Independent Certified Public Accountants

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

Report on the Financial Statements

We have audited the accompanying consolidated statements of financial position of the **Drug Abuse Comprehensive Coordinating Office, Inc. and Affiliates**, also known as DACCO, (the “Organization”), a not-for-profit organization, as of June 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated 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 entity’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 consolidated financial statements.

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



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CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of the Organization taken as a whole. The accompanying schedules of expenditures of federal awards, schedule of expenditures of state financial assistance, local and other awards, the schedule of state earnings for alcohol, drug abuse and mental health services, the schedule of related party transaction adjustments, schedule of bed-day availability payments and the consolidated program/cost center actual expenses and revenue schedules, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Barley, McNamara, Wild

Tampa, Florida
March 7, 2015

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statements of Financial Position
As of June 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 478,735	\$ 2,562,230
Restricted cash	317,771	457,885
Accounts receivable, net	489,153	407,154
Contracts receivable - governmental, net	1,366,504	1,357,216
Related party receivables	745,822	622,922
Short-term portion of note receivable	163,150	25,000
Prepaid expenses	75,304	220,435
Total current assets	<u>3,636,439</u>	<u>5,652,842</u>
Property and equipment, net	<u>21,123,458</u>	<u>21,102,964</u>
Other assets:		
Long-term investments	950,311	1,777,305
New Market Tax Credit loan receivable	5,979,397	5,979,397
Long-term portion of note receivable	-	163,150
Beneficial interest in assets held by others	13,181	11,336
Bond and loan issue costs, net of amortization	900,988	938,323
Deposits	57,223	44,110
Total other assets	<u>7,901,100</u>	<u>8,913,621</u>
Total assets	<u>\$ 32,660,997</u>	<u>\$ 35,669,427</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 212,623	\$ 780,211
Accrued expenses	680,469	547,457
Deferred revenue	-	15,000
Short-term portion of capital lease	13,900	-
Short-term portion of revenue bonds payable	300,000	250,000
Total current liabilities	<u>1,206,992</u>	<u>1,592,668</u>
Long-term liabilities:		
Long-term portion of capital lease	53,048	-
Long-term portion of revenue bonds payable	12,900,000	13,200,000
New Market Tax Credit loans payable	10,000,000	10,000,000
Derivative financial instrument-expiring January 27, 2015	31,108	66,237
Deferred payment purchase money mortgage-due October 1, 2018	58,000	36,577
Deferred payment purchase money mortgage-due December 31, 2047	1,000,000	1,000,000
Total long term liabilities	<u>24,042,156</u>	<u>24,302,814</u>
Total liabilities	<u>25,249,148</u>	<u>25,895,482</u>
Net assets:		
Permanently restricted	4,000	4,000
Unrestricted	7,407,849	9,769,945
Total net assets	<u>7,411,849</u>	<u>9,773,945</u>
Total liabilities and net assets	<u>\$ 32,660,997</u>	<u>\$ 35,669,427</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statement of Activities
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities			
Public support and revenue			
Public support			
In-kind revenue	\$ 180,443	\$ -	\$ 180,443
Contributions	46,151	-	46,151
Total public support	<u>226,594</u>	<u>-</u>	<u>226,594</u>
Revenue			
Fees for client services	14,892,794	-	14,892,794
Food service income	370,033	-	370,033
Special events	50,536	-	50,536
Miscellaneous income	201,615	-	201,615
Total revenue	<u>15,514,978</u>	<u>-</u>	<u>15,514,978</u>
Total public support and revenue	15,741,572	-	15,741,572
Net assets released from restrictions	-	-	-
Total public support and revenue after release from restrictions	15,741,572	-	15,741,572
Operating expenses			
Program services	16,211,226	-	16,211,226
Supporting services	2,192,868	-	2,192,868
Total operating expenses	<u>18,404,094</u>	<u>-</u>	<u>18,404,094</u>
Net change in net assets from operating activities	(2,662,522)	-	(2,662,522)
Non-operating activities			
Interest income	89,318	-	89,318
Change in fair value of derivative financial instrument, expiring January 27, 2015	-	-	-
Change in fair value of swap	35,129	-	35,129
Change in fair value of investments	175,979	-	175,979
Total non-operating activities	<u>300,426</u>	<u>-</u>	<u>300,426</u>
Change in net assets	(2,362,096)	-	(2,362,096)
Net assets at the beginning of year	9,769,945	4,000	9,773,945
Net assets at the end of year	<u>\$ 7,407,849</u>	<u>\$ 4,000</u>	<u>\$ 7,411,849</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statement of Activities
For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities			
Public support and revenue			
Public support			
In-kind revenue	\$ 231,176	\$ -	\$ 231,176
Contributions	101,306	-	101,306
Total public support	<u>332,482</u>	<u>-</u>	<u>332,482</u>
Revenue			
Fees for client services	14,331,066	-	14,331,066
Food service income	730,937	-	730,937
Special events	50,695	-	50,695
Miscellaneous income	202,058	-	202,058
Total revenue	<u>15,314,756</u>	<u>-</u>	<u>15,314,756</u>
Total public support and revenue	15,647,238	-	15,647,238
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue after release from restrictions	15,647,238	-	15,647,238
Operating expenses			
Program services	14,132,346	-	14,132,346
Supporting services	1,787,045	-	1,787,045
Total operating expenses	<u>15,919,391</u>	<u>-</u>	<u>15,919,391</u>
Net change in net assets from operating activities	(272,153)	-	(272,153)
Non-operating activities			
Interest income	88,158	-	88,158
Change in fair value of derivative financial instrument, expiring January 27, 2015	-	-	-
Change in fair value of swap	28,407	-	28,407
Change in fair value of investments	104,746	-	104,746
Total non-operating activities	<u>221,311</u>	<u>-</u>	<u>221,311</u>
Change in net assets	(50,842)	-	(50,842)
Net assets at the beginning of year	9,820,787	4,000	9,824,787
Net assets at the end of year	<u>\$ 9,769,945</u>	<u>\$ 4,000</u>	<u>\$ 9,773,945</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,362,096)	\$ (50,842)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,256,087	988,318
Amortization of bond and NMTC issuance costs	37,335	37,335
Change in fair value of derivative instrument	(35,129)	(28,406)
Unrealized gain on investments	(196,398)	(112,679)
Provision for bad debts	102,640	120,000
Increase (decrease) in current assets:		
Accounts receivable	(184,639)	(297,052)
Contracts receivables - governmental	(9,288)	(352,510)
Related party receivables	(122,900)	(181,264)
Prepaid expenses	145,131	(3,887)
Deposits	(13,113)	(6,280)
Increase (decrease) in current liabilities		
Accounts payable	(567,588)	344,701
Accrued expenses	133,012	12,704
Deferred revenue	(15,000)	9,758
Net cash provided (used) by operating activities	<u>(1,831,946)</u>	<u>479,896</u>
Cash flows from investing activities:		
Change in restricted cash	206,927	1,302,972
Redemption (purchase) of investments	1,021,547	(57,616)
Purchase of property and equipment	(1,199,391)	(2,569,430)
Other investment activities	25,000	25,000
Net cash provided (used) by investing activities	<u>54,083</u>	<u>(1,299,074)</u>
Cash flows from financing activities:		
Payments to sinking fund	(66,813)	(20,976)
Proceeds from long-term borrowings	21,423	36,577
Payments on capital lease	(10,242)	-
Repayment of long-term borrowings	(250,000)	(225,000)
Net cash used by financing activities	<u>(305,632)</u>	<u>(209,399)</u>
Net decrease in cash	(2,083,495)	(1,028,577)
Cash, beginning of period	2,562,230	3,590,807
Cash, end of period	<u>\$ 478,735</u>	<u>\$ 2,562,230</u>
Supplemental and non-cash disclosures		
Interest paid	\$ 477,552	\$ 499,233
Equipment financed by capital lease	\$ 77,190	\$ -

The accompanying notes are an integral part of these financial statements

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statement of Functional Expenses
For The Year Ended June 30, 2014

	Program Services	Supporting Services	Total
Salaries and related expenses			
Salaries	\$ 8,158,425	\$ 1,302,757	\$ 9,461,182
Employee benefits, payroll taxes	1,716,109	267,126	1,983,235
Total salaries and related expenses	<u>9,874,534</u>	<u>1,569,883</u>	<u>11,444,417</u>
Other direct expenses:			
Building occupancy	1,176,898	92,390	1,269,288
Interest expense	383,302	48,698	432,000
Professional services	367,124	185,421	552,545
Travel	122,761	48,121	170,882
Equipment	133,506	22,500	156,006
Food services	957,171	934	958,105
Medical and pharmacy	655,113	3,166	658,279
Insurance	266,054	29,426	295,480
Depreciation and amortization	1,194,367	99,055	1,293,422
Operating supplies & expenses	526,177	88,245	614,422
Other	156,380	5,029	161,409
Subcontractors	397,839	-	397,839
Total other direct expenses	<u>6,336,692</u>	<u>622,985</u>	<u>6,959,677</u>
 Total operating expenses	 <u>\$ 16,211,226</u>	 <u>\$ 2,192,868</u>	 <u>\$ 18,404,094</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Statement of Functional Expenses
For The Year Ended June 30, 2013

	Program Services	Supporting Services	Total
Salaries and related expenses			
Salaries	\$ 6,392,596	\$ 1,157,265	\$ 7,549,861
Employee benefits, payroll taxes	1,494,455	237,556	1,732,011
Total salaries and related expenses	<u>7,887,051</u>	<u>1,394,821</u>	<u>9,281,872</u>
Other direct expenses:			
Building occupancy	944,084	69,649	1,013,733
Interest expense	214,447	23,914	238,361
Professional services	347,760	45,282	393,042
Travel	111,832	37,261	149,093
Equipment	104,562	25,536	130,098
Food services	1,185,549	86	1,185,635
Medical and pharmacy	834,521	548	835,069
Insurance	247,142	24,032	271,174
Depreciation and amortization	902,079	104,669	1,006,748
Operating supplies & expenses	488,714	51,154	539,868
Other	244,087	10,093	254,180
Subcontractors	620,518	-	620,518
Total other direct expenses	<u>6,245,295</u>	<u>392,224</u>	<u>6,637,519</u>
Total operating expenses	<u>\$ 14,132,346</u>	<u>\$ 1,787,045</u>	<u>\$ 15,919,391</u>

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

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note A – Nature of Business and Organization

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

Drug Abuse Comprehensive Coordinating Office, Inc. (“Properties”) is a qualified active low income business formed on August 18, 2011 which owns a building and food service unit, which is leased and provided for use to DACCO for its operations. DACCO is the sole member of this entity. On September 30, 2013 the Organization discontinued its cooperative food service program with ACTS. The Organization is still operating a food service program with Champions for Children which has been approved to provide food services for afterschool programs.

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

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

Note B – Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

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

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

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

Cash and Cash Equivalents

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

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note B – Significant Accounting Policies (continued)

Restricted Cash

As of June 30, 2014, the Organization had restricted cash of \$317,771 comprised of \$791 for the construction of a building, clients' residential funds of \$39,322, mandatory sinking fund payments on its City of Tampa, Florida Variable Rate Demand Revenue Bonds (DACCO Project) of \$275,923 and inmate funds for the Re-entry Program of \$1,735.

As of June 30, 2013, the Organization had restricted cash of \$457,885 comprised of \$218,770 for the construction of a building, clients' residential funds of \$30,004, and mandatory sinking fund payments on its City of Tampa, Florida Variable Rate Demand Revenue Bonds (DACCO Project) of \$209,111.

The sinking fund payments are made monthly to a restricted Wells Fargo Bank N.A. bank beginning September 1, 2010 and are to continue with principal payments being made on August 1st each year until August 1, 2015. Sinking fund payments escalate on a year-to-year basis during this period. The next principal payment due August 1, 2014 is payable in the amount of \$300,000 (See Note I). The following schedule details total monthly sinking fund payments for the years ending June 30:

	<u>Amount</u>
2015	\$ 320,830
2016	54,170
Total	<u>\$ 375,000</u>

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

Accounts Receivable

Receivables consist of billings to clients for services, grant contract receivables, and contract amounts due from related parties. The Company performs periodic evaluations of the collectability of its receivables and does not require collateral on its accounts receivable. Losses on uncollectible receivables are provided for in the financial statements based on management's expectations. At June 30, 2014 and 2013, the Company recorded an allowance for doubtful accounts of approximately \$233,000 and \$211,000, respectively. Actual write-offs may exceed the allowance.

Investments

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

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

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note B – Significant Accounting Policies (continued)

Fair Value Measurement

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

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

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

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

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

Accounts Receivable - Promises to Give

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

Property and Equipment

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

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note B – Significant Accounting Policies (continued)

Bond and Loan Issue Costs

Bond and loan issue costs are expenditures associated with issuing bonds or other notes payable, such as legal, accounting, underwriting, and commissions, which are deferred and amortized over the life of the bond or the related note payable. Loan issue cost amortization related to the New Market Tax Credit loan payable was capitalized following the Codification for *Capitalization of Interest*, for the period of construction for which the loan was obtained. Capitalized interest is reflected in work in process, which is recorded in Property and Equipment in the Statements of Financial Position as of June 30, 2013. During the year ended June 30, 2014, construction was completed on buildings and improvements and no further interest was capitalized related to the New Market Tax Credit loan payable, see Notes F and I for further detail.

Derivatives

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

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

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

Restricted and Unrestricted Revenue and Support

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Donated Services

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

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note B – Significant Accounting Policies (continued)

Donated Property and Equipment

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

Expense Allocation

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

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

Income Taxes

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

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of June 30, 2014. Should the Organization’s tax-exempt status be challenged in the future, the Organization’s 2012, 2013, and 2014 tax years are open for examination by the IRS.

Fair Value Disclosures

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

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note B – Significant Accounting Policies (continued)

Estimates

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

Reclassification

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

Note C – Description of Programs and Supporting Services

The following programs and supporting services are included in the accompanying consolidated financial statements and represent nationally accredited programs with co-occurring capability.

Case Management

The Organization's Case Management coordinates services, agencies, and resources to assist patients in achieving goals. Patients are assessed and recommended for appropriate treatment. Agencies referring patients to the Organization are periodically advised regarding the patient's status in treatment based on confidentiality releases. Pregnant clients receive case management services to ensure OBGYN involvement.

Day Care

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

Women's Day Treatment and Outpatient Services

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

Opiate Addictions Treatment Services

This program provides daily Medication Assisted Treatment using a variety of medications to detox or provide maintenance for patients addicted to an opiate. This harm reduction program is focused on stabilization of patients who have been miss-using and have become addicted to prescription drug or other opiate with a focus on rehabilitation and stabilization. A client may be enrolled in other services and receive this service, additionally.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

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

Residential Treatment

This program offers up to a six-month residential treatment, based on a modified therapeutic community model at two gender specific program sites. Services focus on faulty thinking, attitude changes, cognitive development, peer relationships and are enhanced by co-occurring services. Services including Adult Basic Education and General Educational Development (GED) Test preparation are provided, vocational and employment readiness and assistance are also offered. The first two months consist of intensive residential treatment, while the last four months allow patients to work full-time, live at the facility and receive treatment during non-working hours. Vivitrol may be provided if a patient meets the qualifications.

Supported Apartments

This program assists patients recovering from substance abuse, who may be homeless after treatment by providing available apartments in a recovery community. The apartments are somewhat subsidized by the agency while individuals stabilize and usually share with another roommate. One site has the support of onsite apartment management 24/7.

Outpatient

This program offers drug education and individual, group and family counseling based on individually tailored treatment plans for patients with DUP's or other addictions related to issues for adults and youths. Services provided include Ryan White substance abuse counseling.

Prevention

This program includes school based programs, senior programs, young adult programs and family programs providing research based drug education, individual and group counseling, family counseling, training peer mentors, referral services, aftercare and follow up services. Additionally, we are a leader in the Tampa Bay Community for HIV prevention and education and are using "environmental strategies" to change perception and behaviors of youth and young adults in our area. iPhone and Droid "App" for Watch Your BAC were developed in the year ended June 30, 2013.

Intervention

Basic drug education is provided for adolescent and adult patients based on a nationally developed intervention plan of goals and objectives. Screening as well as individual and group counseling services are provided. Intervention treatment readiness groups are provided until a space is available for treatment.

Detoxification

Adult detoxification program has 24/7 nursing and includes daily rounding by a physician to provide safe detox in a pleasant environment.

Fundraising

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

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

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

Management and General

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

Suboxone Clinic

Suboxone is provided by a physician for eligible clients which includes counseling.

Acupuncture and Smoking Cessation

Acupuncture is available for clients, to assist with cravings and stress. Smoking cessation classes and interventions are available throughout programs, as an overlay service.

Pre-Trial Intervention Drug Court

Pre-Trial Intervention Drug Court is a unique outpatient program in Hillsborough County for the first-time felony offenders. Through a year-long program, the client can complete an intensive program to be eligible for record expungement.

Comprehensive Coordinated Care for Pregnant Women

Programming is available to support pregnant women or child welfare cases through assessment, treatment and reunification. DACCO won two National awards for treatment of pregnant women abusing substances and is uniquely prepared to address these cases.

Note D – Concentrations

Concentration of risk is the probability of loss attributable to the Organization's financial instruments. The Organization maintains cash balances in three financial institutions. At June 30, 2014 and 2013, cash balances exceeded federally insured limits and exposed the Organization to risk of loss.

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

The Organization relies on periodically renewed fees and grants from governmental agencies (principally from the State of Florida) for its primary support. The revenue from these sources represented 77% and 77%, respectively, of the Organization's fees for client services for the years ended June 30, 2014 and 2013.

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note E – Single Donor Contribution and Notes Receivable

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

Note F – Property and Equipment

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

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

	2014	2013	Useful Life (Years)
Buildings and improvements	\$ 22,727,117	\$ 19,682,328	5 - 40
Land	2,326,495	2,303,466	
Furniture and equipment	2,744,589	2,395,401	3 - 20
Software	627,823	602,248	10
Motor vehicles	327,668	317,344	3 - 5
Work in process	-	2,260,988	
Leasehold improvements	7,957	4,934	10
	<u>28,761,649</u>	<u>27,566,709</u>	
Accumulated depreciation	<u>(7,638,191)</u>	<u>(6,463,745)</u>	
Property and equipment, net	<u>\$ 21,123,458</u>	<u>\$ 21,102,964</u>	

Depreciation expense for the years ended June 30, 2014 and June 30, 2013 were \$1,256,087 and \$988,318, respectively.

Note G – Bond Issue Costs and Bond Amendment Costs

Bond issue costs represent expenditures incurred on bonds issued in connection with the DACCO Project (the DACCO Project) and loan costs from the New Market Tax Credit (NMTC) loan payable. See Note I for further details. Total DACCO Project bond issue costs of \$489,624 are being amortized over the life of the bond. The related amortization expense for the fiscal years ended June 30, 2014 and 2013 was \$18,430.

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

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

DACCO Project amendment costs represent expenditures incurred when the DACCO Project was amended during fiscal 2011. The total costs associated with the amendment were \$100,000 and will be amortized over the remaining life of the bonds. The related amendment amortization expense for the fiscal years ended June 30, 2014 and 2013 was \$4,000, respectively.

In August 2011, the Organization recorded NMTC loan payable costs of \$567,158 that are being amortized over the life of the loan. The related amortization expense for the fiscal years ended June 30, 2014 and 2013 was \$18,905, respectively.

Note H – Investments

The Organization's investments as of June 30, 2014 and 2013 consist primarily of mutual funds and are recorded at fair value. Investments are recorded at Level 1 within the fair value hierarchy; see Note B for fair value measurement disclosure.

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

	2014	2013
	<u>Market Value</u>	<u>Market Value</u>
Mutual funds	\$ 950,311	\$ 1,777,305

Investment income on the above investments for the years ended June 30, 2014 and June 30, 2013 was \$194,553 and \$111,367, respectively.

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

Note I – Long-Term Liabilities

DACCO Project

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

On August 27, 2010 DACCO amended the (DACCO Project) with Wells Fargo Bank, National Association. As a result of the amendment, the Organization paid down \$1,225,000 of the outstanding principal balance, yielding a remaining balance of \$15,100,000. The DACCO Project will bear interest calculated as the sum of 65.7% of LIBOR plus 171 basis points, 360-day year base, floating daily. The interest rate on the bonds as of June 30, 2014 and 2013 was 1.81% and 1.85%, respectively.

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note I – Long-Term Liabilities (continued)

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

The DACCO Project bond includes certain affirmative covenants. The bonding covenants require that the Company maintain a Fund Flow Coverage Ratio of no less than 1.20 to 1.00; Liquidity requirement of no less than \$750,000 on deposit with Wells Fargo Bank N.A., and a ratio of total liabilities to tangible net worth of no more than 2.50 to 1.00. The Organization was in compliance with the covenants as of June 30, 2013, and has obtained a debt covenant waiver for the year ended June 30, 2014.

Commencing on August 1, 2011, the organization began paying down the DACCO Project principal. The Organization made all scheduled payments during the year ended June 30, 2014. At June 30, 2014, principal maturities on the bonds are as follows:

Year Ending June 30	DACCO Project
2015	\$ 300,000
2016	325,000
Thereafter	12,575,000
Total	<u>\$ 13,200,000</u>

The interest expense incurred by the Organization for fiscal years ended June 30, 2014 and 2013 was \$481,927 and \$499,233 of which \$291,795 and \$298,154 was related to the DACCO Project, respectively.

Deferred Payment Purchase Money Mortgage- Due October 1, 2018

During fiscal year 2013, through a program administered by Hillsborough County, the Department of Housing and Urban Development (“HUD”) granted the Organization a deferred payment loan in the amount of \$58,000 for the rehabilitation of the Men’s Residential facility located on 3630 North 50th Street in Tampa, Florida. The term of this loan is five years with zero percent interest. This loan is subordinate to the Organization’s obligations under the bonds noted above.

The payment of principal is deferred until October 1, 2018, at which time the amount will be forgiven if the Organization complies with the terms of the agreement. The loan would become payable in the event that the Organization does not remain owner, or if all or any part of the property or an interest therein is rented, leased, sold, mortgaged, liened, refinanced, foreclosed upon or otherwise transferred by the Organization without prior consent from HUD. In fiscal year 2014, the Organization expended the remaining funds of \$21,423 and received reimbursement for said expenditures. As of June 30, 2014 and 2013 the balance on the HUD was \$58,000 and \$36,577, respectively.

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note I – Long-Term Liabilities (continued)

Deferred Payment Purchase Money Mortgage- Due December 31, 2047

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

The payment of principal is deferred until December 31, 2047, at which time the amount will be forgiven if the Organization complies with the terms of the agreement. The loan would become payable in the event that the Organization does not remain owner, or if all or any part of the property or an interest therein is rented, leased, sold, mortgaged, liened, refinanced, foreclosed upon or otherwise transferred by the Organization without prior consent from HUD.

Derivatives

On September 9, 2011, the Organization entered into a Rate Swap Agreement with a financial institution. Under the terms of the agreement, the Organization converted a notional value of \$7,437,500 of its DACCO Project Bonds Payable to a fixed rate of 2.476%. Approximately 50% of the outstanding bond’s floating interest rate was hedged, which was the minimum required by the Letter of Credit Agreement. The agreement extends through January 27, 2015 with the notional value amortizing to a value of \$7,050,000 over the life of the agreement. At June 30, 2014 and 2013, the fair value of the interest-rate swap agreement was at a loss of \$31,108 and \$66,237, respectively, and has been reflected in the accompanying Statements of Activities and Derivative financial instrument in the accompanying Statements of Financial Position.

New Market Tax Credit

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

The transaction was structured with a combination of thirty year loans totaling \$10,000,000 from a CDE (NMTC Loans) which were provided to Properties and recorded in the accompanying Statements of Financial Position as the New Market Tax Credit loans payable. Properties is a qualified active low-income community business, as that term is defined in the Section 45D (g). The NMTC Loans are interest only at a rate of 2.2702% payable for the first seven years which is considered to be the recapture period. The loan is not eligible to be repaid during this recapture period. Properties used \$6,115,776 and \$1,473,149 of the funds to purchase DACCO’s Columbus location and Food Service Business, respectively. In turn, DACCO leased back the Columbus facility and made a \$5,979,397 contribution to Foundation. Foundation utilized those funds to make a thirty year loan at an interest rate of 1% to an investment fund sponsoring the transaction. The note receivable is recorded in the accompanying Statements of Financial Position as the New Market Tax Credit loan receivable. For the year ended June 30, 2014 and 2013, the Organization paid \$227,020 and \$245,923 in NMTC interest expense; of this amount \$31,022 and \$186,130 was capitalized as work in process, respectively.

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note I – Long-Term Liabilities (continued)

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

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

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

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

Note J – Related Party Transactions

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

For the years ended June 30, 2014 and 2013 the Organization received or accrued \$4,747,435 and \$4,662,558, respectively, for services provided to the Network, net of fees. At June 30, 2014 and 2013, the Network owed \$750,852 and \$622,922 respectively, to the Organization.

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note K – Retirement Plan

The Organization has implemented a defined contribution retirement plan as allowed under Section 403(b) of the Internal Revenue Code. This plan provides a defined contribution and a deferred compensation retirement arrangement for substantially all of its employees. Beginning July 1, 2009, the Organization modified the retirement plan policy. The Organization makes matching contributions to Plan participants. The Organization's retirement plan contribution for the years ended June 30, 2014 and 2013, totaled \$132,656 and \$103,963, respectively. Employees become eligible after one year of employment, and are 20% vested in their accumulated benefits after two years of service with an additional 20% vesting for each additional year of service, until fully vested.

Note L – Federal and State Support Requiring a Match

During the years ended June 30, 2014 and 2013, DACCO received support from federal and state agencies. Contracts are renegotiated annually. The income from these contracts is earned by providing services to clients. Based on total amounts awarded, local matching contributions of approximately \$446,000 and \$402,000 were required for contract periods ended June 30, 2014 and 2013, respectively.

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

Note M – Commitments and Contingencies

Facilities

The Organization is committed under a 10 year non-cancellable operating lease for office space on August 1, 2010. The lease is set to terminate on July 1, 2020. There is a "one-time out" clause at seven years with six months notice. Rent expense for the fiscal years ended June 30, 2014, and June 30, 2013 was \$59,792 and \$59,077, respectively.

Capital Lease Obligation

The Company leases equipment under a 5 year non-cancelable master lease agreement (the "Lease Agreement"), which expires September 2, 2018. Per the lease agreement, the Company has the right to purchase the leased asset at the end of the initial lease term for the price of \$1.

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note M – Commitments and Contingencies (continued)

Future minimum lease payments for each of the next five years at June 30, 2014 are as follows:

	<u>Capital Lease</u>	<u>Operating Lease Facilities</u>	<u>Total</u>
2015	\$ 18,436	61,822	\$ 80,258
2016	18,436	62,006	80,442
2017	18,436	64,036	82,472
2018	18,436	64,221	82,657
2019	4,609	66,250	70,859
Thereafter	-	71,971	71,971
	<u>\$ 78,353</u>	<u>390,306</u>	<u>\$ 468,659</u>
Less interest	<u>(11,405)</u>		
	66,948	Total principal lease payments	
	<u>(13,900)</u>	Less: current maturities	
	<u>\$ 53,048</u>	Long-term portion of capital lease obligations	

Mortgage Lien

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

Note N – Donated Services, Property and Equipment

Food in-kind donations in the form of Food Stamps from the Florida Department of Children and Families are included in the consolidated financial statements. For the fiscal years ended June 30, 2014 and 2013, the amounts donated were \$180,443 and \$231,176, respectively.

Note O – Reserve Fund

On May 25, 2006, the Board of Trustees (the “Board”) established a reserve fund in the amount of \$500,000. In fiscal year 2009, the Board designated an additional \$1,011,427 for future contingencies. The reserve fund amount for fiscal year ended June 30, 2014 was \$950,311. The Board can re-designate these funds at any time. In addition, there is no restriction on the Board’s movement of these funds.

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

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note P – Subsequent Events

Management has assessed subsequent events through March 7, 2015, the date on which the consolidated financial statements were available to be issued.

Supplemental Information

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Pass-through Grantor's Number	Federal Expenditures	Transfers to Subrecipient
Federal Grantors:				
U.S. Department of Housing and Urban Development:				
Passed through the city of Tampa, Florida				
Men's Residential Facility Renovation- 3630 N. 50th St	14.218	B-10-MC-12-0020	\$ 21,423	\$ -
Passed through the Board of County Commissioners				
Drug treatment program	14.218	B-09-MC-12-0020	3,323	-
Total U.S. Department of Housing and Urban Development			<u>24,746</u>	<u>-</u>
U.S. Department of Justice:				
Passed through DACCO				
Passed through Hillsborough County				
American Recovery and Reinvestment Act - Edward Byrne Memorial	*16.803		470,555	274,585
Total US Department of Justice			<u>470,555</u>	<u>274,585</u>
U.S. Department of Veterans Affairs:				
Passed through James A. Haley VA Tampa, FL				
Supported living care	64.VA248P0604	VA 248-P0604	155,963	-
VA Halfway House	64.VA24810RQ	VA 248-10-RQ	35,541	-
Total US Department of Veterans Affairs			<u>191,504</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Passed through Hillsborough County, Florida, Board of County Commissioners				
Title I of the Ryan White Care Act	93.914	11-0227	25,920	-
Title I of the Ryan White Care Act	93.914	02-0218	57,486	-
Family Dependency Treatment Expansion	93.243		139,482	-
Family Dependency Treatment Expansion	93.243		48,295	-
SAMSHA - OTP Grant	93.243		25,483	-
Sub-total			<u>296,666</u>	<u>-</u>
Passed through Florida Department of Health				
High Impact Prevention	93.940	CODHB	99,996	-
High Impact Prevention	93.940	CODHB	100,004	-
Targeted Outreach for Pregnant Women	93.940	CODFV	50,000	-
Sub-total			<u>250,000</u>	<u>-</u>
Passed through Eckerd Community Alternatives, Inc.				
Passed through Gulf Coast Jewish Family and Community Services, Inc.				
Child Welfare Services	93.645	ECAH-DIV-GCJ-FY14	6,143	-
Promoting Safe and Stable Families	93.556	ECAH-DIV-GCJ-FY14	70,156	-
Child Abuse and Neglect	93.669	ECAH-DIV-GCJ-FY14	3,366	-
Sub-total			<u>79,665</u>	<u>-</u>
Passed through the Central Florida Behavioral Health Network				
Temporary assistance for needy families	*93.558	CF2010-1003R	534,362	-
Sub-total			<u>534,362</u>	<u>-</u>
Block Grants for Prevention and Treatment of Substance Abuse				
Children's Substance Abuse	*93.959	CF1329.1205	725,382	-
Sub-total			<u>725,382</u>	<u>-</u>
Adult's Substance Abuse	*93.959	CF1329.1205	55,513	-
Adult's Substance Abuse	*93.959	CF1329.1205	2,082,499	-
Adult's Substance Abuse	*93.959	CF1329.1205	193,634	-
Adult's Substance Abuse	*93.959	CF1329.1205	218,136	-
Sub-total			<u>2,549,782</u>	<u>-</u>
Substance Abuse and Mental Health Services - Access to Recovery	93.275	1221-1009-00-B	3,459	-
Sub-total			<u>3,459</u>	<u>-</u>
Passed through the Department of Children and Families				
Prevention Partnership Grant 1	*93.PPG04	PPG04	144,570	-
Sub-total			<u>144,570</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>4,583,886</u>	<u>-</u>
Total federal awards			<u>\$ 5,270,691</u>	<u>\$ 274,585</u>

*- Major program

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2014

Federal and State Grantor/Pass-Through Grantor Program Title	CFDA/ CSFA Number	Pass-through Grantor's Number	Expenditure State Awards	Transfers to Subrecipient
State Grantors:				
Florida Department of Children and Families				
Passed through the Central Florida Behavioral Health Network				
Substance abuse treatment and aftercare services for children	60.030	CF1329-1205	\$ 245,371	\$ -
Adult community mental health - community support services	60.053	CF1329-1205	100,637	-
Children's substance abuse - special projects - treatment and aftercare	60.102	CF1329-1205	255,018	-
Adult's Substance Abuse	93.959	CF1329-1205	336,883	-
Sub-total			<u>937,909</u>	
Passed through Eckerd Community Alternatives, Inc.				
Passed through Gulf Coast Jewish Family and Community Services, Inc.				
In Home	60.075	ECAH-DIV-GCJ-FY14	66,806	-
Sub-total			<u>66,806</u>	-
Total Florida Department of Children's and Families			<u>1,004,715</u>	-
Florida Department of Corrections				
Substance abuse services for non-secure residential treatment	*70.016	C2412	1,089,237	-
Substance abuse services for non-secure residential treatment- dually diagnosed	*70.016	C2412	165,082	-
Non-secure residential treatment services	*70.016	C2605	300,585	-
DOC Prison Diversion Program	*70.016	C2640	704,250	-
DOC Non-Secure Residential Treatment	*70.016	C2791	173,250	-
DOC Vivatrol	*70.016	C2640	56,950	-
DOC Non Secure and Co-Occurring SP DD	*70.016	C2794	294,234	-
DOC Re-Entry Program	*70.016	C2785	1,047,039	-
Total Florida Department of Corrections			<u>3,830,627</u>	-
State Funds Awarded for Matching				
Florida Department of Health				
Targeted Outreach for Pregnant Women	93.940		100,000	-
Total Florida Department of Health State Matching Funds			<u>100,000</u>	-
Florida Department of Children and Families				
Gulf Coast Jewish Family and Community Services, Inc.				
Temporary Assistance for Needy Families	93.558	ECAH-DIV-GCJ-FY14	151,303	-
Child Welfare Services	93.645	ECAH-DIV-GCJ-FY14	2,048	-
Block Grants for Community Mental Health Services	93.958	ECAH-DIV-GCJ-FY14	338	-
Total Florida Department of Children and Families State Matching Funds			<u>153,689</u>	-
Total State Funds Awarded for Matching			<u>253,689</u>	-
Total state financial assistance			<u>\$ 5,089,031</u>	<u>\$ -</u>

*-Major project

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Local and Other Awards
For the Year Ended June 30, 2014

Grantor/Program Title	Grantor's Number	Local and Other Expenditures	Transfers to Subrecipient
Local Grantors			
Board of County Commissioners, Hillsborough County, Florida			
Adult alternatives to incarceration			
Residential treatment	09-1330	\$ 459,561	\$ -
Dually diagnosed/residential treatment	09-1330	145,759	-
Narcotic Overdose Prevention Education (NOPE)	12-0702	6,087	-
Total Board of County Commissioners, Hillsborough County, Florida		611,407	-
Children's Board of Hillsborough County, Florida			
	C01-60102-201-000-01500-		
Family Focus	212680-14	240,051	73,484
	N01-60102-201-000-01500-		
Early Family Stabilization	174044-13	113,124	30,670
	N01-60102-201-000-01500-		
Nurturing pregnancies & Newborns	550345-13	55,272	19,100
Total Children's Board of Hillsborough County, Florida		408,447	123,254
Hillsborough County School Board			
Fiscal Year 2014			
Total Hillsborough County School Board		50,000	-
Hillsborough County Court System			
Family Dependency Drug Court		123,190	-
Family Dependency Drug Court		75,535	-
Total Hillsborough County Court System		198,725	-
Total local financial assistance		\$ 1,268,579	\$ 123,254

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

Notes to Schedule of Expenditures of Federal Awards, State Financial Assistance, Other State Funding, and Local Awards June 30, 2014

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, Other State Funding, and Local Awards (the Schedule) presents the activity of all federal, state, and local programs administered by Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates, Inc. Awards received directly from governmental agencies, as well as those passed through other government agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of OMB Circular A -133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the 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 allowable or are limited as to reimbursement.

Summarized CFDA Information

The Schedule presents federal award programs summarized by federal and pass-through agencies. Certain federal award programs were funded by multiple agencies and are summarized as follows:

<u>CFDA No.</u>	<u>Federal Program</u>	<u>Total Expenditures</u>
16.803	ARRA-Edward Byrne Memorial (JAG) – ITN Drug Court	\$ 470,555

Subrecipients

The Organization provided federal awards to subrecipients during fiscal 2014 as identified in the transferred to subrecipients column in the accompanying Schedule.

As a subrecipient, the Organization has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

Central Florida Behavioral Health Network

The Organization commingles cash receipts from the U.S. Department of Health and Human Services with similar State grants. When reporting expenditures on this Schedule, the Organization assumes it expends federal monies first.

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of State Earnings for Alcohol, Drug Abuse and Mental Health Services (ADM)
For the Year Ended June 30, 2014

Total expenditures	\$ 18,404,094
Less :	
Other state and federal funds	(10,359,722)
Non-match substance abuse and mental health funds	(3,607,064)
Unallowable costs per 65E-14, Florida administrative code	-
Total allowable expenditures	<u>\$ 4,437,308</u>
Maximum available earnings	<u>\$ 3,327,981</u>
Amount of state funds requiring match	<u>\$ 1,238,468</u>
Amount due to the state	<u>\$ -</u>

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Related Party Transaction Adjustments
For the Year Ended June 30, 2014

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

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Schedule of Bed-Day Availability Payments
For the Year Ended June 30, 2014

Program A	Cost Center B	State Contracted Rate C	Units of Service Provided D	Total Units of Service Paid for by 3rd Party Contracts, Local Government, or Other State Agencies E	Maximum # of Units Eligible for Payment by Department (D- E) F	Amount Paid for Services by the Department G	Maximum Value of Units in Column F (F x C) H	Amount Owed to Department (G-H or \$0, whichever is greater) I
Children's MH	Crisis Stabilization Unit	-	-	-	-	-	-	\$ -
Adult MH	Crisis Stabilization Unit	-	-	-	-	-	-	-
Children's SA	Substance Abuse Detox	-	-	-	-	-	-	-
Adult SA	Substance Abuse Detox	241.10	690	-	690	166,316	166,316	-
Adult MH	Short-term Residential Treatment	174.03	10,039	-	10,039	1,747,087	1,747,087	-
Total Amount Owed to Department								<u>\$ -</u>

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

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Program/Cost Center Actual Expenses and Revenues Schedule
For the Year Ended June 30, 2014

	Prevention Intervention	Outpatient - Group	Outpatient - Individual	Prevention	Residential Level II	Aftercare/ Recovery Support	Medical Services	
	C1	C2	C3	C4	C5	C6	C7	C8
Funding sources and revenues:								
Total state substance abuse and mental health funding								
From the district funding this contract	\$ 597,670	\$ 260,316	\$ 285,060	\$ 581,996	\$ 631,190	\$ 1,518,991	\$ 13,427	\$ 62,911
From other districts	-	-	-	-	-	-	-	-
Total state substance abuse and mental health funding	597,670	260,316	285,060	581,996	631,190	1,518,991	13,427	62,911
Other government funding								
Other state agency funding	-	-	-	-	-	3,830,626	-	-
Medicaid	-	-	30,221	8,959	-	-	-	59
Local government	-	693,447	-	158,861	56,087	618,189	-	-
Federal grants and contracts	471,501	-	43,623	69,972	-	580,652	-	-
In-kind from local government only	-	-	-	-	-	-	-	-
Total other governmental funding	471,501	693,447	73,844	237,792	56,087	5,029,467	-	59
All other revenues								
1st & 2nd party payments	172,971	-	40,115	40,115	-	164,069	-	3,762
3rd party payments (except Medicare)	38,777	-	42,483	42,483	-	51,000	-	10,241
Medicare	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-	-
Other	-	-	2,323	10,111	29,545	-	-	4,435
In-kind	-	-	-	-	-	-	-	-
Total all other revenue	211,748	-	84,921	92,709	29,545	215,069	-	18,438
Total funding	\$ 1,280,919	\$ 953,763	\$ 443,825	\$ 912,497	\$ 716,822	\$ 6,763,527	\$ 13,427	\$ 81,408
Expense categories:								
Personnel expenses								
Salaries	645,476	474,455	225,457	456,314	356,587	3,374,746	6,679	40,505
Fringe benefits	135,775	99,801	47,425	95,985	75,007	709,872	1,405	8,520
Total personnel expenses	781,251	574,256	272,882	552,299	431,594	4,084,618	8,084	49,025
Other expenses								
Building occupancy	93,160	68,477	32,540	65,859	51,466	487,072	964	5,846
Interest expense	30,340	22,301	10,597	21,448	16,761	158,625	314	1,904
Professional services	29,060	21,361	10,150	20,544	16,054	151,937	301	1,824
Travel	9,716	7,142	3,394	6,869	5,368	50,799	101	610
Equipment	10,569	7,769	3,692	7,472	5,839	55,258	109	663
Food services	75,769	55,693	26,465	53,564	41,858	396,141	784	4,755
Medical and pharmacy	51,857	38,117	18,113	36,660	28,648	271,122	537	3,254
Insurance	21,061	15,481	7,356	14,889	11,635	110,113	218	1,322
Depreciation and amortization	94,544	69,494	33,023	66,837	52,230	494,305	978	5,933
Operating supplies & expenses	41,652	30,616	14,548	29,445	23,010	217,767	431	2,614
Other	12,262	9,013	4,283	8,669	6,774	64,111	127	769
Subcontracted services	-	73,483	39,757	9,447	-	265,310	-	-
Total other expenses	469,990	418,947	203,918	341,703	259,643	2,722,560	4,864	29,494
Total personnel and other expenses	1,251,241	993,203	476,800	894,002	691,237	6,807,178	12,948	78,519
Distributed indirect costs								
Other support costs (optional)	-	-	-	-	-	-	-	-
Administration	169,196	134,403	64,528	120,902	93,471	920,843	1,751	10,617
Total distributed indirect costs	169,196	134,403	64,528	120,902	93,471	920,843	1,751	10,617
Total operating expenses	1,420,437	1,127,606	541,328	1,014,904	784,708	7,728,021	14,699	89,136
Unallowable costs	-	-	-	-	-	-	-	-
Total allowable operating expenses	\$ 1,420,437	\$ 1,127,606	\$ 541,328	\$ 1,014,904	\$ 784,708	\$ 7,728,021	\$ 14,699	\$ 89,136

Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) and Affiliates
Consolidated Program/Cost Center Actual Expenses and Revenues Schedule
For the Year Ended June 30, 2014

Methadone	Day Night	Case Management	Outreach	Supported Employment	Assessment / Information & Referral	Incidentals	Res. Level I / Room and Board Level I with Supv	Behavioral Health Fee	Total for State SAMH Designated Cost Centers	Non-SAMH Cost Centers	Total
C9	C10	C11	C12	C13	C14	C15	C16	C17	D	E	(D+E) F
\$ 213,460	\$ 112,860	\$ 139,184	\$ 238,544	\$ 8,130	\$ 18,588	\$ -	\$ 238,799	\$ -	\$ 4,921,126	\$ -	\$ 4,921,126
-	-	-	-	-	-	-	-	-	-	-	-
213,460	112,860	139,184	238,544	8,130	18,588	-	238,799	-	4,921,126	-	4,921,126
-	-	-	-	-	430	-	-	-	3,831,056	-	3,831,056
813,400	25,996	-	-	-	-	-	-	-	878,635	-	878,635
17,844	9,150	-	-	-	-	-	-	-	1,553,578	-	1,553,578
3,210	-	-	338,071	-	1,381	-	-	-	1,508,410	54,035	1,562,445
-	-	-	-	-	-	-	-	-	-	-	-
834,454	35,146	-	338,071	-	1,811	-	-	-	7,771,679	54,035	7,825,714
1,006,980	-	-	-	-	43,108	-	92,643	-	1,563,763	-	1,563,763
125,554	175	459	-	90	475	-	59,364	-	371,101	-	371,101
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	46,151	46,151
33,055	5,432	6,519	-	-	25,093	-	1,400	-	117,913	895,804	1,013,717
-	-	-	-	-	-	-	-	-	-	-	-
1,165,589	5,607	6,978	-	90	68,676	-	153,407	-	2,052,777	941,955	2,994,732
\$ 2,213,503	\$ 153,613	\$ 146,162	\$ 576,615	\$ 8,220	\$ 89,075	\$ -	\$ 392,206	\$ -	\$ 14,745,582	\$ 995,990	\$ 15,741,572
1,206,380	79,778	72,709	292,774	4,089	44,335	-	195,105	-	7,475,389	683,036	8,158,425
253,760	16,781	15,294	61,584	860	9,326	-	41,040	-	1,572,435	143,674	1,716,109
1,460,140	96,559	88,003	354,358	4,949	53,661	-	236,145	-	9,047,824	826,710	9,874,534
173,524	11,514	10,494	42,256	590	6,399	-	28,159	-	1,078,320	98,578	1,176,898
56,531	3,750	3,418	13,761	192	2,084	-	9,171	-	351,197	32,105	383,302
54,131	3,592	3,273	13,181	184	1,996	-	8,784	-	336,372	30,752	367,124
18,114	1,201	1,094	4,407	62	667	-	2,937	-	112,481	10,280	122,761
19,673	1,306	1,191	4,794	67	726	-	3,195	-	122,323	11,183	133,506
141,112	9,365	8,535	34,367	480	5,204	-	22,902	-	876,994	80,177	957,171
96,597	6,409	5,841	23,521	329	3,562	-	15,674	-	600,241	54,872	655,113
39,216	2,603	2,372	9,553	133	1,447	-	6,366	-	243,765	22,289	266,054
176,089	11,685	10,650	42,883	599	6,494	-	28,577	-	1,094,321	100,046	1,194,367
77,573	5,148	4,692	18,892	264	2,861	-	12,590	-	482,103	44,074	526,177
22,845	1,516	1,381	5,562	78	842	-	3,706	-	141,938	14,442	156,380
-	-	-	-	-	9,842	-	-	-	397,839	-	397,839
875,405	58,089	52,941	213,177	2,978	42,124	-	142,061	-	5,837,894	498,798	6,336,692
2,335,545	154,648	140,944	567,535	7,927	95,785	-	378,206	-	14,885,718	1,325,508	16,211,226
-	-	-	-	-	-	-	-	-	-	-	-
315,824	20,912	19,059	76,744	1,072	12,965	-	51,142	-	2,013,429	179,439	2,192,868
315,824	20,912	19,059	76,744	1,072	12,965	-	51,142	-	2,013,429	179,439	2,192,868
2,651,369	175,560	160,003	644,279	8,999	108,750	-	429,348	-	16,899,147	1,504,947	18,404,094
-	-	-	-	-	-	-	-	-	-	-	-
\$ 2,651,369	\$ 175,560	\$ 160,003	\$ 644,279	\$ 8,999	\$ 108,750	\$ -	\$ 429,348	\$ -	\$ 16,899,147	\$ 1,504,947	\$ 18,404,094



Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

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

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

We have audited, 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, the consolidated financial statements of Drug Abuse Comprehensive Coordinating Office, Inc. and Affiliates ("DACCO" or the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 7, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated 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.



Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 intended 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.

Barley, McNamara, Wild

Tampa, Florida
March 7, 2015



Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida

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

Report on Compliance for Each Major Federal Program and Major State Project

We have audited the Drug Abuse Comprehensive Coordinating Office, Inc. and Affiliates' ("DACCO" or the "Organization"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement, the Florida State Single Audit Act, Section 215.97*, Florida Statutes, and the requirements described in the *Chief Financial Officer of the Governor's State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended June 30, 2014. The Organization's major federal programs and major 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 and major state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and major 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, Rules of the Auditor General of the State of Florida. Those standards and OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state projects occurred. An audit includes examining, on a test basis, evidence about the Organization'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 and major state project. However, our audit does not provide a legal determination of the Organization's compliance.



Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Opinion on Each Major Federal Program and Major State Project

In our opinion, the Organization 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 and major state projects for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 major state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and major state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and major state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and major state project 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 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, Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.

Barley, McNamara, Wild

Tampa, Florida
March 7, 2015

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

Schedule of Findings and Questioned Costs

June 30, 2014

Section 1 – Summary of Auditor’s Results

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

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

Identification of Major Federal Programs and Major State Projects:

CFDA Name of Federal Program

- 16.803 ARRA-Edward Byrne Memorial (JAG) – ITN Drug Court
- 93.959 Block Grants for Prevention and Treatment of Substance Abuse
- 93.558 Temporary Assistance for Needy Families (TANF)

CSFA Name of State Project

- 70.016 Non-Secure Residential Treatment Services/Intervention, Outpatient, and Aftercare Services

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

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

Schedule of Findings and Questioned Costs

June 30, 2014

Section 2 – Consolidated Financial Statement Findings

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

Prior Year Audit Findings

No matters were reported.

Section 3 – Federal Awards Findings and Questioned Costs

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



Barley | McNamara | Wild
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

“Management Letter”

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

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

We have audited the consolidated financial statements of the Drug Abuse Comprehensive Coordinating Office, Inc. and Affiliates (“DACCO” or the “Organization”), as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated March 7, 2015.

We conducted our audit 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 Rules of the Florida Auditor General. We have issued our Independent Auditor’s Report on Internal control over Financial Reporting and Compliance and Other Matters Based on Audits of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 7, 2015, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General which requires disclosure in the management letter noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the consolidated financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. **Note:** Fraud, noncompliance with provisions of laws or regulations and contracts or grant agreements, or abuse that does not warrant the attention of those charged with governance, or internal control deficiencies that are not material weaknesses or significant deficiencies may be reported in the management letter based on professional judgment.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Barley, McNamara, Wild

Tampa, Florida
March 7, 2015