

**ABUSE COUNSELING
AND TREATMENT, INC.
FORT MYERS, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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**Cindy
D'Artagnan**
CPA, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Abuse Counseling and Treatment, Inc.
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Abuse Counseling and Treatment, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from Abuse Counseling and Treatment, Inc.'s 2015 financial statements and, in our report dated October 22, 2015, we expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abuse Counseling and Treatment, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards and State financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650 F.S., *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016, on our consideration of Abuse Counseling and Treatment, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Abuse Counseling and Treatment, Inc.'s internal control over financial reporting and compliance.

Cindy D'Artagnan, CPA, LLC

November 17, 2016

CINDY D'ARTAGNAN, CPA, LLC

ABUSE COUNSELING AND TREATMENT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 404,322	\$ 845,656
Investments	103	103
Grants receivable	157,197	150,147
Accounts receivable	28,697	34,180
Prepaid expenses	18,582	17,535
Second ACT inventory	85,454	104,961
Property and equipment (net of accumulated depreciation of \$1,417,181 for 2016 and \$1,282,590 for 2015)	2,269,769	2,233,053
Deposits	17,748	18,098
Total assets	\$ 2,981,872	\$ 3,403,733
 LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 68,729	\$ 114,053
Compensated absences	71,071	60,889
Mortgages payable - current maturities	23,283	18,259
Deferred revenue	9,518	-
Total current liabilities	172,601	193,201
LONG-TERM LIABILITIES		
Mortgages payable - net of current maturities	265,974	180,740
Total liabilities	438,575	373,941
NET ASSETS		
Unrestricted	2,543,297	2,929,792
Temporarily restricted	-	100,000
Total net assets	2,543,297	3,029,792
Total liabilities and net assets	\$ 2,981,872	\$ 3,403,733

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

ABUSE COUNSELING AND TREATMENT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
REVENUES AND SUPPORT				
Federal grants	\$ 629,649	\$ -	\$ 629,649	\$ 665,461
State grants	699,450	-	699,450	738,169
Lee County	317,032	-	317,032	317,698
United Way	322,200	-	322,200	317,200
Other local grants	109,448	-	109,448	41,822
Contributions	447,826	-	447,826	581,320
Intervention program	162,145	-	162,145	146,726
Contracts	92,300	-	92,300	75,050
Fundraising				
Arts for ACT fundraiser	132,406	-	132,406	257,123
Second ACT resale shop	410,818	-	410,818	388,042
Arts for ACT gallery	111,046	-	111,046	101,021
Miscellaneous	41,479	-	41,479	-
In-kind	10,027	-	10,027	35,143
Other	4,998	-	4,998	4,694
Net assets released from restrictions	100,000	(100,000)	-	-
Total revenues and support	3,590,824	(100,000)	3,490,824	3,669,469
EXPENSES				
Program services				
Residential	1,847,375	-	1,847,375	1,469,298
Non-residential	1,089,977	-	1,089,977	1,073,715
Rape Crisis Center	94,975	-	94,975	92,049
Education	165,118	-	165,118	204,691
Supporting services				
General and administrative	146,691	-	146,691	126,323
Fundraising	633,183	-	633,183	575,648
Total expenses	3,977,319	-	3,977,319	3,541,724
(Decrease) increase in net assets	(386,495)	(100,000)	(486,495)	127,745
NET ASSETS - Beginning of year	2,929,792	100,000	3,029,792	2,902,047
NET ASSETS - End of year	<u>\$ 2,543,297</u>	<u>\$ -</u>	<u>\$ 2,543,297</u>	<u>\$ 3,029,792</u>

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ABUSE COUNSELING AND TREATMENT, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (486,495)	\$ 127,745
Adjustments to reconcile (decrease) increase in net assets to net cash (used) provided by operating activities:		
Depreciation	152,366	145,655
Loss on disposal of assets	514	-
Capitalized non-cash contributions	(10,027)	(12,905)
(Increase) decrease in grants receivable	(7,050)	370
Decrease (increase) in accounts receivable	5,483	(17,713)
Increase in prepaid expenses	(1,047)	(7,003)
Decrease (increase) in Second ACT inventory	19,507	(10,298)
Decrease (increase) in deposits	350	(2,830)
(Decrease) increase in accounts payable and accrued expenses	(45,324)	32,559
Increase (decrease) in compensated absences	10,182	(4,388)
Increase (decrease) in deferred revenue	9,518	(2,500)
	134,472	120,947
Net cash (used) provided by operating activities	(352,023)	248,692
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(179,569)	(135,896)
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage proceeds received	112,500	-
Principal payments on mortgages payable	(22,242)	(18,034)
Net cash provided (used) by financing activities	90,258	(18,034)
Net (decrease) increase in cash and cash equivalents	(441,334)	94,762
CASH AND CASH EQUIVALENTS - Beginning of year	845,656	750,894
CASH AND CASH EQUIVALENTS - End of year	\$ 404,322	\$ 845,656

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ABUSE COUNSELING AND TREATMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	2016									2015 Total
	Program Services					Supporting Services			Total	
	Residential	Non-Residential	Rape Crisis Center	Education	Total Program	General and Admin.	Fundraising	Total Supporting		
Personnel expenses										
Salaries	\$ 1,181,563	\$ 761,603	\$ 55,525	\$ 119,099	\$ 2,117,790	\$ 91,389	\$ 205,006	\$ 296,395	\$ 2,414,185	\$ 2,101,105
Payroll taxes	93,303	57,876	4,342	9,128	164,649	6,793	15,869	22,662	187,311	163,522
Employee benefits	125,050	72,704	411	12,803	210,968	22,305	9,350	31,655	242,623	203,879
Total personnel	<u>1,399,916</u>	<u>892,183</u>	<u>60,278</u>	<u>141,030</u>	<u>2,493,407</u>	<u>120,487</u>	<u>230,225</u>	<u>350,712</u>	<u>2,844,119</u>	<u>2,468,506</u>
Operating expenses										
Utilities	80,375	13,710	2,047	1,809	97,941	1,795	24,504	26,299	124,240	114,849
Insurance	43,998	7,037	3,747	1,130	55,912	1,850	2,824	4,674	60,586	60,656
Rent	13,783	968	-	-	14,751	-	214,467	214,467	229,218	218,977
Printing and public relations	1,977	1,965	785	1,127	5,854	68	19,170	19,238	25,092	28,814
Professional fees	10,980	52,308	10,108	500	73,896	93	-	93	73,989	76,340
Supplies	53,158	38,056	6,664	3,350	101,228	1,962	76,201	78,163	179,391	212,761
Repairs and maintenance	71,762	14,502	3,920	2,648	92,832	4,874	12,486	17,360	110,192	86,362
Training and travel	14,068	28,852	525	1,960	45,405	727	1,586	2,313	47,718	27,683
Cost of sales	-	-	-	-	-	-	19,507	19,507	19,507	-
Other miscellaneous	57,760	15,231	2,378	1,010	76,379	2,309	32,213	34,522	110,901	101,121
Total operating	<u>347,861</u>	<u>172,629</u>	<u>30,174</u>	<u>13,534</u>	<u>564,198</u>	<u>13,678</u>	<u>402,958</u>	<u>416,636</u>	<u>980,834</u>	<u>927,563</u>
Total expenses before depreciation	1,747,777	1,064,812	90,452	154,564	3,057,605	134,165	633,183	767,348	3,824,953	3,396,069
Depreciation	99,598	25,165	4,523	10,554	139,840	12,526	-	12,526	152,366	145,655
Total expenses	<u>\$ 1,847,375</u>	<u>\$ 1,089,977</u>	<u>\$ 94,975</u>	<u>\$ 165,118</u>	<u>\$ 3,197,445</u>	<u>\$ 146,691</u>	<u>\$ 633,183</u>	<u>\$ 779,874</u>	<u>\$ 3,977,319</u>	<u>\$ 3,541,724</u>

Read Independent Auditor's Report.
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part of the financial statements.

ABUSE COUNSELING AND TREATMENT, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - THE ORGANIZATION

Abuse Counseling and Treatment, Inc. (“ACT”) was incorporated on September 12, 1978, under the laws of Florida as a nonprofit organization to eliminate domestic and sexual violence through the provisions of safe shelter, counseling, crisis intervention, education, advocacy and empowerment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Framework

ACT’s financial statements have been prepared using the accrual reporting framework. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Revenue and Support

Support from Federal and State grants is recorded based upon the terms of the grantor allotments, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred.

Contributions and grants 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 a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Valuation of Investments

Investments with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

In-Kind Contributions

In-kind contributions are recorded as contributions in the accompanying financial statements at their estimated current value on the date of receipt. Contributions of services are recognized only if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

Inventory

Inventory is stated at the lower of cost or market value and consists of merchandise held for resale.

ABUSE COUNSELING AND TREATMENT, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost. Donated assets, if any, are recorded at their fair market value at the time of donation. Additions and major renewals in excess of \$1,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, which range from three to 50 years. The cost of maintenance and repairs is charged to operations, as incurred. See Note 5 for additional information.

Advertising

ACT expenses advertising costs when incurred. During the years ended June 30, 2016 and 2015, advertising costs were \$15,139 and \$16,124, respectively, and are included in printing and public relations on the statement of functional expenses. The 2015 advertising costs include \$8,400 of in-kind contributions.

Income Taxes

ACT has been granted a ruling that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). No tax liability was incurred for the years ended June 30, 2016 or 2015. ACT is a non-profit Florida corporation and, therefore, is not subject to State income taxes. Accordingly, no provision for income taxes has been made. ACT is not considered a private foundation within the meaning of Section 509(a) of the Code.

ACT has not identified any tax positions that it would consider uncertain tax positions as identified by the Financial Accounting Standards Board ("FASB") Accounting Standards Code Section 740. The 2012, 2013 and 2014 tax returns remain open to examination.

Cash Flows

For purposes of the statement of cash flows, ACT considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are recorded at cost.

ACT made cash payments of \$11,192 for interest and no cash payments for income taxes during the year ended June 30, 2016.

ACT made cash payments of \$9,017 for interest and no cash payments for income taxes during the year ended June 30, 2015.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs are allocated to the programs based on various allocation methods including estimated usage, square footage, and employee time.

ABUSE COUNSELING AND TREATMENT, INC
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

ACT accrues for vacation benefits earned by employees, but not yet taken. As of June 30, 2016 and 2015, unused vacation time totaled \$71,071 and \$60,889, respectively.

Accounts Receivable

Accounts receivable are recorded at cost. ACT accounts for potential losses in accounts receivable, if any, utilizing the allowance method. All accounts or portions thereof deemed to be uncollectible are written off to an allowance for bad debt.

Subsequent Events

Subsequent events have been considered through the date of the audit report, which is the date the financial statements were available to be issued.

Estimates

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

NOTE 3 - CONCENTRATION OF CREDIT RISK

ACT maintains its cash and cash equivalent accounts at various commercial banking institutions located in Fort Myers, Florida. Accounts at the commercial banking institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of June 30, 2016 and 2015, the uninsured balance was zero and \$115,233, respectively, based on the bank statement balances less FDIC insurance.

NOTE 4 - GRANTS AND OTHER ACCOUNTS RECEIVABLE

Grants receivable consisted of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
City of Cape Coral	\$ 6,741	\$ 2,407
Florida Attorney General	23,354	15,569
Florida Coalition Against Domestic Violence	86,838	72,937
Florida Coalition Against Sexual Assault	13,846	25,996
Florida Department of Health	-	6,756
Lee County	26,418	26,482
	<u>\$ 157,197</u>	<u>\$ 150,147</u>

All accounts receivable are considered collectible; therefore no allowance for bad debt has been recorded.

ABUSE COUNSELING AND TREATMENT, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2016 and 2015:

	Estimated <u>Useful Lives</u>	2016 <u>Costs</u>	2015 <u>Costs</u>
Land and land improvements	N/A	\$ 477,366	\$ 324,928
Buildings and improvements	5-50 years	2,718,816	2,703,366
Furniture and equipment	3-10 years	448,849	445,430
Vehicles	5 years	41,919	41,919
		<u>3,686,950</u>	<u>3,515,643</u>
Less: accumulated depreciation		<u>(1,417,181)</u>	<u>(1,282,590)</u>
		<u>\$ 2,269,769</u>	<u>\$ 2,233,053</u>

Depreciation expense for the years ended June 30, 2016 and 2015, was \$152,366 and \$145,655, respectively, and is allocated among program and supporting services.

The land, building, and improvements related to the Hendry/Glades County shelter in the amounts of \$41,890 and \$289,572, respectively, are subject to a lien by The Florida Department of Children and Family Services. The lien expires on May 31, 2035.

NOTE 6 - MORTGAGES PAYABLE

As of June 30, 2016, mortgages payable consisted of the following:

Mortgage payable to a commercial bank in the principal amount of \$220,336; payable in monthly installments of \$2,261 including interest at 4.25%; balloon payment due April, 2019; collateralized by real property.	\$ 179,273
Mortgage payable to a commercial bank in the principal amount of \$112,500; payable in monthly installments of \$700 including interest at 4.25%; matures on September 6, 2035; collateralized by real property.	<u>109,984</u>
	<u>\$ 289,257</u>

ABUSE COUNSELING AND TREATMENT, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 6 - MORTGAGES PAYABLE (Continued)

As of June 30, 2015, mortgage payable consisted of the following:

Mortgage payable to a commercial bank in the principal amount of \$220,336; payable in monthly installments of \$2,261 including interest at 4.25%; balloon payment due April, 2019; collateralized by real property. \$ 198,999

Interest on the mortgages payable during the years ended June 30, 2016 and 2015, was \$11,129 and \$8,943, respectively, and is included in other miscellaneous expenses on the statement of functional expenses.

Future maturities on the mortgages payable consist of the following:

Year ending June 30,	
2017	\$ 23,283
2018	24,688
2019	142,782
2020	4,301
2021	4,487
2022 - 2026	25,528
2027 - 2031	31,560
Thereafter	<u>32,628</u>
	<u>\$ 289,257</u>

NOTE 7 - DEFERRED REVENUE

Deferred revenue as of June 2016, consisted of tickets and sponsorships for various fundraising events.

NOTE 8 - UNRESTRICTED NET ASSETS

As of June 30, 2016 and 2015, unrestricted net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted, undesignated	\$ 98,028	\$ 483,739
Board designated for future reserves	175,500	213,000
Invested in property and equipment	<u>2,269,769</u>	<u>2,233,053</u>
	<u>\$ 2,543,297</u>	<u>\$ 2,929,792</u>

ABUSE COUNSELING AND TREATMENT, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2015, temporarily restricted net assets were restricted for housing for homeless women. During the year ended June 30, 2016, the restrictions were released by the donor.

NOTE 10 - LEE COUNTY INCOME

ACT received grants from Lee County during the years ended June 30, 2016 and 2015. Total revenue received from Lee County for the years ended June 30, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
Lee County 6561	\$ -	\$ 79,361
Lee County 6947	79,274	238,337
Lee County 7284	<u>237,758</u>	<u>-</u>
	<u>\$ 317,032</u>	<u>\$ 317,698</u>

NOTE 11 - FUNDRAISING

Fundraising income for the years ended June 30, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
Arts for ACT fundraiser	\$ 132,406	\$ 257,123
Second ACT resale shop	410,818	388,042
Arts for ACT gallery	111,046	101,021
Other	<u>41,479</u>	<u>-</u>
	<u>\$ 695,749</u>	<u>\$ 746,186</u>

NOTE 12 - IN-KIND CONTRIBUTIONS

During the years ended June 30, 2016 and 2015, ACT recognized in-kind contributions as follows:

	<u>2016</u>	<u>2015</u>
Advertising	\$ -	\$ 8,400
Air conditioning maintenance	-	2,000
Discount on alarm system	-	5,653
Discount on remodeling contract	-	7,253
Discount on software purchases	-	1,539
Furniture and equipment	10,027	-
Thrift store inventory	<u>-</u>	<u>10,298</u>
	<u>\$ 10,027</u>	<u>\$ 35,143</u>

ABUSE COUNSELING AND TREATMENT, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 12 - IN-KIND CONTRIBUTIONS (Continued)

Revenue related to the sale of contributed thrift store inventory throughout the year is recognized as fundraising revenue. Any net increase in thrift store inventory at the end of the period is recorded as in-kind contributions, and any net decrease in thrift store inventory at the end of the period is recorded as cost of sales. During the year ended June 30, 2016, ACT recognized \$19,507 in cost of sales expense. During the year ended June 30, 2015, ACT recognized \$10,298, in contributed inventory. In addition to the amounts above, numerous volunteer hours were contributed which did not meet the requirements for recognition under generally accepted accounting principles.

NOTE 13 - OPERATING LEASES

ACT leases space for the Second ACT resale shop and the Arts for ACT Gallery.

The lease for the gallery is an annual lease with options to renew for additional one-year periods.

The original lease for the resale shop was for a three-year period commencing on July 15, 2009. During the year ended June 30, 2012, the lease was renewed for an additional three-year period which commenced on July 15, 2012. The renewal was subsequently extended for an additional five years, terminating on July 14, 2020. The current agreement calls for rental payments of \$16,104 for the first 12 months, with 5% increases in each subsequent 12-month period.

Future minimum payments under the thrift store lease were as follows:

Year ending June 30,	
2017	\$ 202,105
2018	212,211
2019	222,822
2020	233,964
2021	19,575
	<u>\$ 890,677</u>

Total expense under the leases for the years ended June 30, 2016 and 2015, was \$214,468 and \$205,836, respectively, and is included in rent expense on the statement of functional expenses.

NOTE 14 - MATCHING REQUIREMENTS

ACT received a portion of its support from funds passed through the Florida Attorney General's Office and the Florida Coalition Against Domestic Violence which had matching requirements. All matching requirements were met with cash from local sources.

ABUSE COUNSELING AND TREATMENT, INC
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

NOTE 15 - ECONOMIC DEPENDENCY

ACT receives a substantial amount of its income from grants which are awarded on a year-to-year basis.

During the year ended June 30, 2016, ACT received 24.76% of its income from grants from the Florida Coalition Against Domestic Violence totaling \$815,065, 9.08% of its income from grants from Lee County totaling \$317,032, and 9.23% of its income from a grant from United Way totaling \$322,200. In addition, during the year ended June 30, 2016, the Second ACT thrift store raised \$410,818, which represented 11.77% of the total revenues and support and one donor contributed \$325,000, which represented 9.31% of the total revenues and support.

During the year ended June 30, 2015, ACT received 22.31% of its income from grants from the Florida Coalition Against Domestic Violence totaling \$818,794, 8.66% of its income from grants from Lee County totaling \$317,698, and 8.64% of its income from a grant from United Way totaling \$317,200. In addition, during the year ended June 30, 2015, the Second ACT thrift store raised \$388,042, which represented 10.57% of the total revenues and support and one donor contributed \$375,000, which represented 10.22% of the total revenues and support.

NOTE 16 - FAIR VALUE MEASUREMENTS

The FASB has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs have the lowest priority.

During the year ended June 30, 2016, those items which have been recorded at fair value, and the valuation techniques used, consisted of the following:

	Level 1 - Quoted Prices in Active Markets for Identical Assets	Level 2 - Significant Other Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Furniture and equipment	\$ 10,027	\$ -	\$ -	\$ 10,027
Inventory	-	85,454	-	85,454
	<u>\$ 10,027</u>	<u>\$ 85,454</u>	<u>\$ -</u>	<u>\$ 95,481</u>

ABUSE COUNSELING AND TREATMENT, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

During the year ended June 30, 2015, those items which have been recorded at fair value, and the valuation techniques used, consisted of the following:

	Level 1 - Quoted Prices in Active Markets for Identical Assets	Level 2 - Significant Other Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Advertising	\$ 8,400	\$ -	\$ -	\$ 8,400
Air conditioning maintenance	2,000	-	-	2,000
Discount on alarm system	5,653	-	-	5,653
Discount on remodeling contract	7,253	-	-	7,253
Discount on software purchases	1,539	-	-	1,539
Inventory	-	104,961	-	104,961
	<u>\$ 24,845</u>	<u>\$ 104,961</u>	<u>\$ -</u>	<u>\$ 129,806</u>

The inventory was valued based on the prices of similar items. The values of the remaining items and services were provided by the donors, based on their market rates.

SUPPLEMENTARY INFORMATION

ABUSE COUNSELING AND TREATMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016

Grantor/ Program Title	Federal CFDA/ State CSFA Number	Grant Number	Expenditures
U.S. Department of Health and Human Services:			
Passed through the Florida Coalition Against Domestic Violence:			
Temporary Assistance for Needy Families (2)	93.558	16-2202	\$ 231,273
Temporary Assistance for Needy Families (2)	93.558	Shelter Supplies	947
			<u>232,220</u>
Family Violence Prevention and Services/ Grants for Battered Women's Shelters - Grants to States and Indian Tribes (2)			
	93.671	16-2202	105,387
Family Violence Prevention and Services/ Grants for Battered Women's Shelters - Grants to States and Indian Tribes (2)			
	93.671	Shelter Supplies	1,540
			<u>106,927</u>
Passed through Tapestri, Inc.:			
Services to Victims of a Severe Form of Trafficking (2)	93.598		<u>31,397</u>
Passed through the State of Florida Department of Health:			
Injury Prevention and Control Research and State and Community Based Programs (2)	93.136	COH6J	<u>23,625</u>
			<u>394,169</u>
U.S. Department of Housing and Urban Development:			
Passed through the City of Cape Coral:			
Community Development Block Grants/ Entitlement Grants (2)	14.218	28201010	8,121
Community Development Block Grants/ Entitlement Grants (2)	14.218	28201110	26,225
			<u>34,346</u>
U.S. Department of Justice:			
Passed through the State of Florida Office of the Attorney General:			
Crime Victim Assistance (1)	16.575	V14032	<u>198,782</u>

Read Independent Auditor's Report.

ABUSE COUNSELING AND TREATMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

Grantor/ Program Title	Federal CFDA/ State CSFA Number	Grant Number	Expenditures
U.S. Department of Justice (Continued):			
Passed through the Florida Coalition Against Domestic Violence:			
ARRA - Violence Against Women Formula Grants (2)	16.558	Shelter Supplies	1,126
ARRA - Violence Against Women Formula Grants (2)	16.558	Shelter Supplies	26
			<u>1,152</u>
			<u>199,934</u>
U.S. Department of Homeland Security:			
Passed through United Way of America: Emergency Food and Shelter National Board Program (2)			
	97.024		<u>1,200</u>
			<u>1,200</u>
Total expenditures of Federal awards			<u><u>\$ 629,649</u></u>
Florida Department of Health:			
Passed through the Florida Council Against Sexual Violence:			
Rape Crisis Program Trust Fund - Sexual Battery Victim's Access (2)	64.061	13RCP30	<u>\$ 56,395</u>
Passed through the Florida Council Against Sexual Violence:			
Rape Crisis Centers (2)	64.069	13GR30	<u>97,843</u>
			<u>154,238</u>

ABUSE COUNSELING AND TREATMENT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

Grantor/ Program Title	Federal CFDA/ State CSFA Number	Grant Number	Expenditures
Florida Department of Legal Affairs:			
Passed through the Florida Council Against Sexual Violence:			
Florida Council Against Sexual Violence (2)	41.010	14OAG30	<u>21,133</u>
			<u>21,133</u>
Florida Department of Children and Families:			
Passed through the Florida Coalition Against Domestic Violence:			
Domestic Violence Trust Fund (1)		16-2202	117,770
Domestic Violence Trust Fund (1)		Shelter Supplies	<u>1,192</u>
			<u>118,962</u>
Passed through the Florida Coalition Against Domestic Violence:			
SFCAT - General revenue (1)	60.139	Shelter Supplies	<u>10,924</u>
Passed through the Florida Coalition Against Domestic Violence:			
SFCDV - General revenue (1)	60.134	Shelter Supplies	<u>1,064</u>
Passed through the Florida Coalition Against Domestic Violence:			
General revenue (1)	60.134	16-2202	261,814
General revenue (1)		Shelter Supplies	<u>112</u>
			<u>261,926</u>

ABUSE COUNSELING AND TREATMENT, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor/ Program Title</u>	<u>Federal CFDA/ State CSFA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Florida Department of Children and Families (Continued):			
Passed through the Florida Coalition Against Domestic Violence: Primary Prevention (2)		16-2202	<u>20,000</u>
Passed through the Florida Coalition Against Domestic Violence: Training (2)		16-2202	<u>150</u>
Passed through the Florida Coalition Against Domestic Violence: SFCAT - Domestic Violence Trust Fund (1)	60.139	Shelter Supplies	<u>1,053</u>
Passed through the Florida Coalition Against Domestic Violence: Child Protection Investigations (2)		16-2202-CPI	<u>110,000</u>
			<u>524,079</u>
Total expenditures of State financial assistance			<u>\$ 699,450</u>

The accompanying schedule of expenditures of Federal awards and State financial assistance includes the federal and state grant activity of Abuse Counseling and Treatment, Inc. and is presented using the accrual reporting framework. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.650 F.S., *Rules of the Auditor General of the State of Florida*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Cindy
D'Artagnan
CPA, LLC

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

Board of Directors
Abuse Counseling and Treatment, Inc.
Fort Myers, Florida

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 financial statements of Abuse Counseling and Treatment, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Cindy D'Artagnan, CPA, LLC

November 17, 2016

CINDY D'ARTAGNAN, CPA, LLC



**Cindy
D'Artagnan**
CPA, LLC

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of Directors
Abuse Counseling and Treatment, Inc.
Fort Myers, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Abuse Counseling and Treatment, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of Abuse Counseling and Treatment, Inc.'s major Federal programs and State projects for the year ended June 30, 2016. Abuse Counseling and Treatment, Inc.'s major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects applicable to its Federal programs and State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Abuse Counseling and Treatment, Inc.'s major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650 F.S., *Rules of the Auditor General of the State of Florida*. Those standards, the Uniform Guidance, and Chapter 10.650 F.S., *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 State project occurred. An audit includes examining, on a test basis, evidence about Abuse Counseling and Treatment, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of Abuse Counseling and Treatment, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Abuse Counseling and Treatment, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Abuse Counseling and Treatment, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Abuse Counseling and Treatment, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program or State project 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 State project, and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650 F.S., *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 Abuse Counseling and Treatment, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program or 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of the Report

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 the Uniform Guidance and Chapter 10.650 F.S., *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

Cindy D'Artagnan, CPA, LLC

ABUSE COUNSELING AND TREATMENT, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2016

I. Summary of Auditor’s Results

A. Financial Statements

1. We have audited the financial statements of Abuse Counseling and Treatment, Inc. as of and for the year ended June 30, 2016, and issued an unmodified opinion, dated November 17, 2016.
2. No significant deficiency was identified, consequently there was no material weakness reported.
3. The results of our tests disclosed no instances of noncompliance material to the financial statements that are required to be reported under *Government Auditing Standards*.

B. Federal and State Awards

1. Our report issued on compliance for major Federal programs and State projects was unmodified.
2. No significant deficiency in internal control over major Federal programs or State projects was identified, consequently there was no material weakness reported.
3. The audit disclosed no findings that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.650 F.S., *Rules of the Auditor General of the State of Florida*.
4. Major Federal programs and State projects identified on the Schedule of Expenditures of Federal Awards and State Financial Assistance are as follows:

	CFDA/CSFA Number
U.S. Department of Justice	16.575
Florida Dept. of Children and Families - Domestic Violence Trust Fund	-
Florida Dept. of Children and Families - General Revenue	60.134
Florida Dept. of Children and Families - SFCAT	60.139

5. The threshold used to distinguish between Type A and Type B programs is \$750,000 for Federal programs and 30% for State projects.
6. Abuse Counseling and Treatment, Inc. qualified as a low-risk auditee under the provisions of the Uniform Guidance.

II. Findings Related to the Financial Statements Required to be Reported in Accordance with *Government Auditing Standards*

- A. There are no findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

ABUSE COUNSELING AND TREATMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

III. Findings and Questioned Costs for Major Federal Programs and State Projects

- A. There are no findings or questioned costs for major Federal programs or State projects relating to the audit of Abuse Counseling and Treatment, Inc. for the above referenced audit report.
- B. No Management Letter is required because there were no findings required to be reported in the Management Letter.
- C. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Act.

ABUSE COUNSELING AND TREATMENT, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

There were no findings for the year ended June 30, 2015.