



**DRUG ABUSE FOUNDATION OF  
PALM BEACH COUNTY, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Mari Huff C.P.A., P.A.  
Certified Public Accountants  
Stuart, Florida**

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**  
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# *Mari Huff, C.P.A., P.A.*

CERTIFIED PUBLIC ACCOUNTANTS

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

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Drug Abuse Foundation of Palm Beach County, Inc.  
Delray Beach, Florida

We have audited the accompanying financial statements of Drug Abuse Foundation of Palm Beach County, Inc. (the "Foundation") (a nonprofit Florida corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650 of the State of Florida Rules of the Auditor General. 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 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

### ***Auditor's Responsibility (continued)***

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 Drug Abuse Foundation of Palm Beach County, Inc., as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America and Chapter 10.650 of the State of Florida Rules of the Auditor General.

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

We previously audited Drug Abuse Foundation of Palm Beach County, Inc.'s June 30, 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 2, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedules (including the 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 the State of Florida Rules of the Auditor General Chapter 10.650, and are 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* and Chapter 10.650 of the State of Florida Rules of the Auditor General, we have also issued our report dated December 8, 2017, on our consideration of Drug Abuse Foundation of Palm Beach County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Drug Abuse Foundation of Palm Beach County, Inc.'s internal control over financial reporting and compliance.



Mari Huff, C.P.A., P.A.

Stuart, Florida

December 8, 2017

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Statement of Financial Position

as of June 30, 2017

(With Comparative Totals as of June 30, 2016)

	2017	2016 (Restated)
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 1,073,338	\$ 751,095
Grants and contracts receivable	1,033,793	1,100,914
Inventory	17,934	18,429
Prepaid expenses	86,328	245,044
Total current assets	<u>2,211,393</u>	<u>2,115,482</u>
Property and equipment	6,126,828	5,580,342
Accumulated depreciation	<u>(4,039,054)</u>	<u>(3,792,418)</u>
Net property and equipment	<u>2,087,774</u>	<u>1,787,924</u>
Other assets:		
Deposits	16,730	16,730
Loan Fees, net	26,738	30,558
Total other assets	<u>43,468</u>	<u>47,288</u>
<b>Total assets</b>	<u><u>\$ 4,342,635</u></u>	<u><u>\$ 3,950,694</u></u>
<b>Liabilities and Net Assets:</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 163,899	\$ 231,528
Accrued payroll liabilities	300,936	244,861
Mortgage payable, current portion	50,240	47,747
Total current liabilities	<u>515,075</u>	<u>524,136</u>
Mortgage payable, long-term portion	1,928,089	1,976,854
Total liabilities	<u>2,443,164</u>	<u>2,500,990</u>
Net assets		
Unrestricted	1,851,269	1,449,703
Temporarily restricted	48,202	-
Total net assets	<u>1,899,471</u>	<u>1,449,703</u>
<b>Liabilities and net assets</b>	<u><u>\$ 4,342,635</u></u>	<u><u>\$ 3,950,693</u></u>

See independent auditor's report and notes to financial statements

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Statement of Activities

for the Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016 (Restated)
Support and Revenues				
Public support				
Federal and State ADM grants				
Substance abuse	\$ 5,964,070	\$ -	\$ 5,964,070	\$4,569,208
Ounce of Prevention	131,533	-	131,533	113,915
US Dept. of Probation	46,509	-	46,509	-
Palm Beach County	1,103,020	-	1,103,020	868,506
Contributions and donations	108,134	-	108,134	126,616
Contributions - In-kind	55,000	-	55,000	55,000
Total public support	<u>7,408,266</u>	<u>-</u>	<u>7,408,266</u>	<u>5,733,245</u>
Other revenues				
Client fees	50,482	-	50,482	53,339
Food Stamps	38,619	-	38,619	44,028
State and local service revenue	932,823	48,202	981,025	895,214
Other	7,931	-	7,931	6,979
Investment income	1,705	-	1,705	1,043
Rental income, net	1,405	-	1,405	(19,940)
Total other revenues	<u>1,032,965</u>	<u>48,202</u>	<u>1,081,167</u>	<u>980,663</u>
Total support and revenues	<u>8,441,231</u>	<u>48,202</u>	<u>8,489,433</u>	<u>6,713,908</u>

(continued on next page)

See independent auditor's report and notes to financial statements

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

*Statement of Activities (continued from previous page)*

*for the Year Ended June 30, 2017*

*(With Comparative Totals for the Year Ended June 30, 2016)*

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016 (Restated)
Expenses				
Program services				
Child Substance Program	568,896	-	568,896	585,504
Adult Substance Program	5,594,392	-	5,594,392	4,937,378
Total program services	<u>6,163,288</u>	<u>-</u>	<u>6,163,288</u>	<u>5,522,882</u>
Support services				
Administration	1,876,377	-	1,876,377	793,968
Total functional expenses	<u>8,039,665</u>	<u>-</u>	<u>8,039,665</u>	<u>6,316,850</u>
Total expenses	<u>8,039,665</u>	<u>-</u>	<u>8,039,665</u>	<u>6,316,850</u>
Change in net assets	401,566	48,202	449,768	397,058
Net assets, beginning of year	<u>1,449,703</u>	<u>-</u>	<u>1,449,703</u>	<u>1,052,645</u>
Net assets, end of year	<u>\$ 1,851,269</u>	<u>\$ 48,202</u>	<u>\$ 1,899,471</u>	<u>\$ 1,449,703</u>

*See independent auditor's report and notes to financial statements*



**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

*Statement of Functional Expenses*

*for the Year Ended June 30, 2017*

*(With Comparative Totals for the Year Ended June 30, 2016)*

	PROGRAM SERVICES		TOTAL PROGRAM SERVICES	SUPPORT SERVICES		TOTALS	
	Child Program	Adult Program		Administration	Auditorium Rentals	2017	2016 (Restated)
Personnel expenses:							
Salary expenses	\$ 380,477	\$ 3,413,656	\$ 3,794,133	\$ 1,145,182	\$ -	\$ 4,939,315	\$ 3,574,462
Employee benefits	60,093	534,806	594,899	239,977	-	834,876	607,112
<b>Total personnel expenses</b>	<b>440,570</b>	<b>3,948,462</b>	<b>4,389,032</b>	<b>1,385,158</b>	<b>-</b>	<b>5,774,191</b>	<b>4,181,574</b>
Operating expenses:							
Building occupancy	75,838	338,590	414,428	45,358	24,768	484,554	473,556
Professional services	20,757	398,810	419,567	35,309	6	454,882	310,396
Travel	1,405	7,554	8,959	4,633	-	13,592	12,855
Equipment	-	359	359	1,096	72	1,526	2,329
Food services	5,298	338,726	344,024	20,967	-	364,991	282,911
Medical and pharmacy	10,482	203,390	213,872	-	-	213,872	114,307
Subcontracted services	-	-	-	38,000	-	38,000	34,833
Insurance	9,356	122,606	131,962	49,089	-	181,051	187,887
Interest	-	-	-	103,610	-	103,610	122,076
Operating supplies and expenses	981	47,681	48,662	58,963	3,514	111,139	73,823
Donated items	-	-	-	-	8,161	8,161	-
Other	(10,534)	64,402	53,868	15,095	(7,867)	61,096	13,885
Administration	175,545	1,700,831	1,876,377	(1,876,377)	-	-	-
<b>Total direct expenses</b>	<b>729,698</b>	<b>7,171,412</b>	<b>7,901,110</b>	<b>(119,099)</b>	<b>28,654</b>	<b>7,810,665</b>	<b>5,810,433</b>
Amortization and depreciation	14,743	123,816	138,559	119,099	7,867	265,524	302,354
Loss on asset disposal	-	-	-	-	-	-	277,426
Less: rental expenses presented in net retanal income	-	-	-	-	(36,520)	(36,520)	(73,360)
<b>Total expenses</b>	<b>744,442</b>	<b>7,295,227</b>	<b>8,039,669</b>	<b>(0)</b>	<b>0</b>	<b>8,039,665</b>	<b>6,316,850</b>

*See independent auditor's report and notes to financial statements*

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Statement of Cash Flows

for the Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	2017	2016 (Restated)
<b>Cash flows provided by operating activities:</b>		
Cash received from public support and other revenues	\$ 8,498,444	\$ 6,691,767
Cash paid to employees and suppliers	(7,467,874)	(5,620,549)
Net rental income	1,405	(19,940)
Investment income	1,705	1,043
Interest paid	(103,610)	(122,076)
<b>Net cash provided by operating activities</b>	<b>930,070</b>	<b>930,245</b>
<b>Cash flows used in investing activities:</b>		
Loan costs	3,820	-
Purchase of property and equipment	(565,374)	(240,286)
<b>Net cash used in investing activities</b>	<b>(561,554)</b>	<b>(240,286)</b>
<b>Cash flows used in financing activities:</b>		
Principal payments on mortgage	(46,272)	(43,665)
<b>Net cash used in financing activities</b>	<b>(46,272)</b>	<b>(43,665)</b>
Net change in cash	322,244	646,294
Cash and cash equivalents, beginning of year	751,095	104,801
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,073,339</b>	<b>\$ 751,095</b>
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ 449,768	\$ 397,058
Depreciation and amortization expense	265,524	302,354
Loss on asset disposal	-	277,426
Change in:		
Receivables	67,121	13,962
Inventory	495	(1,640)
Prepaid expenses	158,716	(163,047)
Deposits	-	(2,482)
Accounts payable	(67,629)	59,131
Accrued payroll liabilities	56,075	47,483
<b>Net cash provided by operating activities</b>	<b>\$ 930,070</b>	<b>\$ 930,245</b>

See independent auditor's report and notes to financial statements

# **DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

## *Notes to Financial Statements*

*June 30, 2017*

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### **NOTE 1: NATURE OF THE ORGANIZATION**

Drug Abuse Foundation of Palm Beach County, Inc. (the “Foundation”) is a not-for-profit organization exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. Founded in 1968, the Foundation’s central mission is to encourage and support the process of recovery from chemical addiction, to promote drug free living and mental well-being. The Foundation pursues its mission through the operation of thirteen programs/services which are organized into five key focus areas and service groups, including The Prevention Service Group, The Intervention Service Group, The Crisis Stabilization Service Group and The Treatment and Aftercare Service Group.

### **NOTE 2: SUMMARY OF ACCOUNTING POLICIES**

#### *Basis of Accounting*

The accounting and reporting policies of the Foundation conform to the accounting principles generally accepted in the United State of America, and are in accordance with the Financial Accounting Standards Board Accounting Standards Codification 958-205 *Not-for-Profit Entities Presentation of Financial Statements*. These financial statements are prepared on the accrual basis of accounting and reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### *Promises to Give*

Contributions are recognized when the donor makes the promise to give to the Organization that is, in substance, unconditional.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

All contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future period or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, which increases those net asset accounts.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

#### *Revenue Recognition*

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

#### *Cash and Cash Equivalents*

For purposes of the statement of financial position and statement of cash flows, the Foundation considers demand deposits with banks, certificates of deposit, money market funds and all highly liquid debt instruments purchases with a maturity of three months or less to be cash equivalents.

# **DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

## *Notes to Financial Statements*

*June 30, 2017*

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

#### Concentration of Credit Risk

The Foundation maintains its cash at financial institutions in Palm Beach County. The accounts are fully insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2017, the Foundation had \$809,472 in uninsured deposits.

#### Compensated Absences

The Foundation accrued for compensated absences after a six-month probationary period and an accrual is made for any unused time that may carryover from year to year. Total accrued compensated absences for the year ended June 30, 2017 were \$106,216 including related accrued payroll expenses in the amount of \$7,548.

#### Client Fees Receivable

The Foundation has changed its policy to require payment before services are rendered. Therefore, there were no client fees receivable at June 30, 2017.

#### Grant and Contract Receivable/Revenue

Grant and contract revenue is recognized when the allowable costs, as defined by the individual grants or contracts, are incurred and the unit of service has been performed. Grant and contracts receivable at year-end represent units of service performed, which have not yet been reimbursed by the granting agency. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, non-compliance by the Foundation with the terms of the grants and contracts.

#### Property and Equipment

The Foundation capitalizes property and equipment in excess of \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years. Maintenance and repairs are charged to expense when incurred.

#### Inventory

The Foundation purchases office supplies, janitorial supplies, medical testing kits and medical supplies in bulk. The purchases are recorded in inventory at cost and charged to their respective departments, at cost, when removed from the store room. At June 30, 2017, total inventory was \$17,934.

# **DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

## *Notes to Financial Statements*

*June 30, 2017*

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

#### *Donated Rent*

The Prevention/Intervention Day program also receives the use of facilities from the Palm Beach County School Board free of charge. The fair market value of this rent in the amount of \$55,000 have been reflected in the financial statements as contributions-in-kind and rent expense in-kind. The Foundation has no rental obligations for these facilities.

#### *Income Taxes*

The Foundation is a not-for-profit corporation exempt from Federal income taxes under Section 1986 Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. Therefore, no income taxes are required to be paid on activities related to their mission. The Foundation holds rental property from which it collects unrelated rental income. Expenses related to the rental property are allocated as such and are not included in the functional expenses. Income taxes are due on net rental income. For the year ended June 30, 2017 the Foundation had no taxable income, and therefore no income tax expense.

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2015, 2016 and 2017 are subject to examination by IRS, generally for three years after they were filed. None of the Foundation's returns for years after 2014 are currently under examination by the IRS. As such, no provision has been recorded in respect to any uncertain tax positions.

#### *Functional Expenses*

The grant contracts with the Department of Children and Families passed through to the Southeast Florida Behavioral Health Network have contractual reporting requirements under the State of Florida Administrative Code. The Foundation reports its functional expenses expanded by cost center to satisfy this requirement.

#### *Estimates*

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

#### *Reclassifications*

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

#### *Summarized Financial Information for 2016*

The financial information for the year ended June 30, 2016, presented for comparative purposes, is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Notes to Financial Statements

June 30, 2017

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### **NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<b>2017</b>	<b>2016</b> <b>(Restated)</b>
Land	\$ 325,000	\$ 325,000
Building	3,517,989	3,512,229
Building improvements	1,134,179	677,504
Furniture and equipment	1,073,679	996,415
Vehicles	75,981	69,193
Total	<u>6,126,828</u>	<u>5,580,341</u>
Less: accumulated depreciation	<u>4,039,054</u>	<u>3,792,418</u>
<b>Net</b>	<b><u>\$2,087,774</u></b>	<b><u>\$1,787,923</u></b>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$265,524 and \$302,354, respectively. These amounts represent a combination of amounts charged to both functional expenses and expenses of rental income. Depreciation expense is calculated based upon the original cost of the assets.

### **NOTE 4: RENTAL INCOME, NET**

The Foundation rents its auditorium to various leases on an as needed basis. Total rental revenues were \$37,926 and total rental expenses were 36,521 for the year ended June 30, 2017.

### **NOTE 5: LINE OF CREDIT PAYABLE**

The Foundation has an available line of credit with a bank that allows for borrowings up to \$250,000. Interest is payable at TD Bank, N.A.'s floating prime rate. Total closing costs for the line of credit were \$4,572 and will be amortized over the life of the line. At June 30, 2017, the interest rate on this note was 3.75% and there was no outstanding amount. Interest expense on the Foundation's lines of credit for the year ended June 30, 2017 was \$0. This line is set to expire in January 2018 but is expected to be renewed.

### **NOTE 6: MORTGAGE PAYABLE**

On September 29, 2014, a mortgage was entered into with TD Bank to refinance the Foundation's existing line of credit and mortgage. The line of credit would remain at \$250,000 and be subject to a 2.5% increase over the monthly LIBOR rate for a term of 12 months. The mortgage amount was \$2,100,000 with a net cash payment to the Foundation in the amount of \$194,329 to allow the Foundation to access some of its real estate equity for support of its operations. The mortgage calls for a ten-year term at a rate of 5.1%. A prepayment penalty exists that starts at 5% and gradually decreases to 1% as of September 29, 2022 and for the remainder of the loan. Total closing costs for the mortgage were \$28,169. And are amortized over the life of the loan.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Notes to Financial Statements

June 30, 2017

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### NOTE 6: MORTGAGE PAYABLE (continued)

The current and long-term portions of debt are as follows:

Long-term portion	\$ 1,928,089
Less: current portion	<u>50,240</u>
Total mortgage balance at June 30, 2017	<u>\$ 1,978,329</u>

The aggregate maturities of the mortgage payable subsequent to June 30, 2017 are as follows:

Years ending	
<u>June 30:</u>	
2018	\$ 50,240
2019	52,863
2020	55,623
2021	58,526
2022	61,582
Thereafter	<u>1,699,495</u>
	<u>\$ 1,978,329</u>

Interest expense on the Foundation's mortgage notes for the year ended June 30, 2017 was \$103,610.

### NOTE 7: NET ASSETS

The net assets of the Foundation are comprised of two categories as follows:

#### Unrestricted net assets

This category consists of funds available for general activities and operations without restrictions.

#### Temporarily restricted net assets

This category consists of funds received by the Palm Beach Sheriff's Office (PBSO) Trust Fund for use in certain property and equipment purchases. The total award was \$120,000 of which \$71,798 was used by June 30, 2017 and \$94,833 has been expended as of the date these financials were available to be issued. These funds are required to be used by December 31, 2017 or returned to the PBSO Trust Fund. The Foundation believes a small extension will be granted and that these funds will be used in entirety by January 2018.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Notes to Financial Statements

June 30, 2017

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### NOTE 8: LEASE COMMITMENTS

#### Equipment lease

The Foundation leased telephone equipment under a capital lease agreement with Graybar Financial services on July 18, 2014. The lease calls for sixty (60) equal monthly payments of \$330 plus taxes with two months due up front.

Minimum rent obligations for the years subsequent to June 30, 2017 are as follows:

Years ending June 30:	
2018	\$ 3,960
2019	3,960
Total	<u>\$ 3,960</u>

#### Commercial real estate lease

The Foundation entered into a thirty-six-month, non-cancellable lease for space in Belle Glade beginning April 1, 2015 and expiring March 31, 2018. The current lease calls for monthly payments of \$1,400 until paid in full. \$16,800 was paid under this lease for the year ended June 30, 2017.

The Foundation entered into a sixty-one-month, non-cancellable, triple net lease in West Palm Beach beginning December 1, 2015 and expiring December 31, 2020. The lease calls for monthly rent payments of \$2,718 per month, plus applicable sales taxes for the first year. As a triple net lease, the Foundation is also responsible for taxes, insurance, and operating expenses. These costs are in addition to the base rent and estimated to be \$2,626 for the initial twelve-month period. Annual rent increases of up to 3.5% may be assessed following the initial twelve-month lease term. Total rent expense under this lease for the year ended June 30, 2017 was \$31,512.

Minimum rent obligations for the years subsequent to June 30, 2017 are as follows:

June 30:	
2018	\$ 44,112
2019	31,512
2020	31,512
Total	<u>\$ 107,136</u>



# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Notes to Financial Statements

June 30, 2017

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### **NOTE 9: STATE MATCHING REQUIREMENT**

The Foundation entered into an agreement PDA04-2 effective October 1, 2013 through September 30, 2015 with Southeast Florida Behavioral Health Network, Inc. (the managing entity for DCF) that calls for thirty-three percent (33%) local matching funds pursuant to s.394.763(3), Florida Statutes. This contract was extended via agreement PDA04-1517 through June 30, 2019. The new contract amount is not to exceed \$9,719,403 or the rate schedule, subject to the availability of funds and the satisfactory performance of all terms by the Provider.

During the fiscal year ended June 30, 2017, the reimbursable services under these contracts were as follows:

Total expenditures	\$ 8,039,665
Less: other State and Federal funds	(131,533)
Less: non-match SAMH funds	(2,176,476)
Less: unallowable costs per 65E-14, F.A.C.:	
Legal costs	(8,293)
Interest expense allocated to Admin	(103,610)
	<u>(111,903)</u>
Total allowable expenditures	5,619,753
Maximum earnings available	<u>4,214,815</u>
Amount of State funds requiring match	<u>2,392,731</u>
Amount of overmatch	<u>\$ 1,822,084</u>

### **NOTE 10: EMPLOYEE BENEFITS**

In fiscal year 1995, the Foundation established a defined contribution benefit plan for its eligible employees and their beneficiaries under Internal Revenue Code Section 403 (b). All employees are eligible to participate in the plan immediately after date of employment. After two years of service, the employer will contribute an amount equaling the employee's contribution up to 1.0% of the employee's annual salary for the first of employer contribution eligibility and increasing to a maximum of an 11% contribution on the 20<sup>th</sup> eligible year. Contributions by the Foundation were \$83,471 for the year ended June 30, 2017.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Notes to Financial Statements

June 30, 2017

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### **NOTE 11: RELATED PARTY TRANSACTIONS**

The Foundation's Executive Director is also a Board Member of South Florida Behavioral Health Network; the Foundation's largest funder. All contracts are handled as arm's length transactions and the amounts paid are disclosed in the Schedule of Related Party Transaction Adjustments included in these statements.

### **NOTE 12: MAJOR FUNDERS**

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

	June 30,	
	2017	2016
Southeast Florida Behavioral Health	\$ 5,964,070	\$ 4,569,208
Palm Beach County Community Services	1,103,020	868,506
Total	<u>\$ 7,067,090</u>	<u>\$ 5,437,714</u>

The Foundation receives approximately 80% of its funding from the above funders for fiscal year ended June 30, 2017. A policy change at these agencies could have an adverse effect on operations.

\$9,719,403 in funding has been approved by SEFBHN for the period July 1, 2017 through June 30, 2019. \$3,940,782 in funds has been awarded by Palm Beach County community services for the fiscal year 2018-2020.

### **NOTE 13: STATE AND LOCAL SERVICE REVENUES**

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

Drug Court	\$ 56,296
Department of Corrections	687,627
PBSO Trust Fund	120,000
PBSO	80,000
Other	37,102
Total	<u>\$ 981,025</u>

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

*Notes to Financial Statements*

*June 30, 2017*

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**NOTE 14: BED-DAY AVAILABILITY PAYMENTS**

The Foundation received a portion of its support from the Federal Government and the State of Florida under grant contract number PDA04-1517 with Southeast Florida Behavioral Health Network (SEFBHN).

Under the contracts, the Foundation must provide the SEFBHN with a schedule of bed-day availability payments.

<u>Cost Center</u>	<u>Detoxification</u>
A Unit cost	\$ 221.00
B Available bed days	8,030
C Units paid by other parties	3,257
D Eligible units (B - C)	4,773
E Amount paid by SEFBHN	\$ 740,484
F Maximum value of C (A x D)	\$ 1,054,734

<u>Units Paid by Others</u>	<u>Received</u>
PBC Community Services	\$ 719,896
Unit rate	221.00
Unit equivalent	3,257
Department of Corrections	N/A
Unit rate	N/A
Unit equivalent	N/A

**NOTE 15: FEDERAL FINANCIAL ASSISTANCE**

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

# **DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

## *Notes to Financial Statements*

*June 30, 2017*

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### **NOTE 16: CHANGE IN ACCOUNTING PRINCIPLE**

The Foundation, in 2015, increased the value of its building and land to fair value in when its debt was restructured. The 2016 financial statements have been restated to change the presentation back to original cost in accordance with accounting principles, generally accepted in the United States as determined this year to be the more appropriate presentation. Accumulated depreciation was not changed as depreciation has properly been based on original cost since the asset was put into use.

### **NOTE 17: EVALUATION OF SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through December 8, 2017 the date which the financial statements were available to be issued.

#### *Capital Improvements*

Total in additions to property, plant, and equipment for the year subsequent to June 30, 2017 are estimated to be \$546,483. The Foundation hired a Development Director to raise funds for expansions in property and programs for the fiscal year ending June 30, 2018.

#### *Additional Programs*

A new Central Receiving Center is expected to be opened in Palm Beach County in spring of 2018, depending on Palm Beach County approval.

The City of Delray has approved the zoning for adding a Life Skills Center to the Foundation's campus. The Foundation plans to acquire a 3,000-square foot trailer to be used for education purposes and will increase the size of the Women's Center (see Capital Improvements note). The trailer will be funded by fundraisers and loans. Cost is expected to be \$250,000.

The Foundation is implementing an Pregnant Women's Program to treat pregnant and postpartum women. This will require an expansion of approximately 2,500 square feet added to the current Women's Center. Costs are expected to be \$225,000. New grants and funds will be secured in order to implement this program and expansion.

**SUPPLEMENTARY SCHEDULES**

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

*Schedule of Expenditures of Federal Awards and State Financial Assistance  
for the Year Ended June 30, 2017*

<b>Federal Grantor/Pass-through Grantor/Program</b>	<b>Contract Number</b>	<b>CFDA Number</b>	<b>CSFA Number</b>	<b>Amount</b>
<b>Federal Awards:</b>				
U.S. Department of Health and Human Services				
Pass-through:				
Florida Department of Children and Families				
Southeast Florida Behavioral Health Network, Inc.				
Prevention and Treatment of Substance Abuse	PDA04-1517	93.959	-	\$3,508,351
Temporary Assistance for Needy Families	PDA04-1517	93.558	-	14,707
State Targeted Response to the Opioid Crisis	PDA04-1518	93.788	-	153,469
Total Florida Department of Children and Families				<u>3,676,527</u>
<b>Total Expenditures of Federal Awards</b>				<b><u>\$3,676,527</u></b>
<b>State Financial Assistance:</b>				
Florida Department of Children and Families				
Pass-through:				
Southeast Florida Behavioral Health Network, Inc.				
Prevention and Treatment of Substance Abuse	PDA04-1517	-	60.034	\$2,287,543
Florida Department of Health:				
Pass through:				
The Ounce of Prevention Fund of Florida	15-16-167	-	64.035	131,533
<b>Total Expenditures of State Financial Assistance</b>				<b><u>\$2,419,076</u></b>

**NOTE A - BASIS OF PRESENTATION**

The above Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal activity of the Organization under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Florida Administrative Code, Chapter 69I-5.003. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the above schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the administrative requirements and cost principles under the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

**NOTE C - SUBRECIPIENTS**

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

**NOTE D - INDIRECT COST RATE**

The Organization has elected to use the 10% de minimus cost rate allowed under the Uniform Guidance

*See independent auditor's report.*

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

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

*Southeast Florida Behavioral Health Network PDA-1517*

*for the Year Ended June 30, 2017*

	<b>SAMH COVERED SERVICES</b>			
	<b>STATE SAMH-FUNDED COST CENTERS</b>			
	<b>COMBINED PROGRAMS</b>			
	<b>Detox Services</b>	<b>Outpatient</b>	<b>Outreach</b>	<b>Total for Combined Programs</b>
State SAMH Funding:				
From District Contract Funding	\$ 740,484	\$ 384,491	\$ 592,825	\$ 1,717,801
TANF	-	-	-	-
<b>Total State SAMH Funding</b>	<b>740,484</b>	<b>384,491</b>	<b>592,825</b>	<b>1,717,801</b>
Other governmental funding:				
Other State agency funding	22,000	73,078	46,000	141,078
Medicaid	-	-	-	-
Local government	779,896	136,296	-	916,192
Federal grants and contracts	-	28,295	-	28,295
In-kind (local gov't only)	-	-	-	-
<b>Total other governmental funding</b>	<b>801,896</b>	<b>237,669</b>	<b>46,000</b>	<b>1,085,565</b>
All other revenues:				
1st and 2nd party payments	-	-	-	-
3rd party payments	-	-	-	-
Medicare	-	-	-	-
Contributions and donations	-	31,806	-	31,806
Other	964	26,078	964	28,006
In-kind	-	-	14,300	14,300
<b>Total all other revenues</b>	<b>964</b>	<b>57,884</b>	<b>15,264</b>	<b>74,111</b>
				-
<b>Total Revenue, support and gains</b>	<b>\$ 1,543,344</b>	<b>\$ 680,044</b>	<b>\$ 654,089</b>	<b>\$ 2,877,477</b>

*(continued on next page)*

*See auditor's report*

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

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

*Southeast Florida Behavioral Health Network PDA-1517*

*for the Year Ended June 30, 2017*

	<b>SAMH COVERED SERVICES</b>			
	<b>STATE SAMH-FUNDED COST CENTERS</b>			
	<b>CHILD PROGRAM</b>			
	<b>TASC</b>	<b>Prevention Child</b>	<b>HIV</b>	<b>Total Child Program</b>
<b>State SAMH Funding:</b>				
From District Contract Funding	\$ 54,590	\$ 17,288	\$ 776	\$ 72,654
TANF	-	-	-	-
<b>Total State SAMH Funding</b>	<b>54,590</b>	<b>17,288</b>	<b>776</b>	<b>72,654</b>
<b>Other governmental funding:</b>				
Other State agency funding	-	1,000	500	1,500
Medicaid	-	-	-	-
Local government	-	-	-	-
Federal grants and contracts	-	-	-	-
In-kind (local gov't only)	-	-	-	-
<b>Total other governmental funding</b>	<b>-</b>	<b>1,000</b>	<b>500</b>	<b>1,500</b>
<b>All other revenues:</b>				
1st and 2nd party payments	-	-	-	-
3rd party payments	-	-	-	-
Medicare	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
In-kind	40,700	-	-	40,700
<b>Total all other revenues</b>	<b>40,700</b>	<b>-</b>	<b>-</b>	<b>40,700</b>
 <b>Total Revenue, support and gains</b>	 <b>\$ 95,290</b>	 <b>\$ 18,288</b>	 <b>\$ 1,276</b>	 <b>\$ 114,854</b>

*(continued on next page)*

*See auditor's report*



**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

*Schedule of Support, Revenues, & Gains by Cost Center  
Southeast Florida Behavioral Health Network PDA-1517  
for the Year Ended June 30, 2017*

SAMH COVERED SERVICES											
STATE SAMH-FUNDED COST CENTERS											
ADULT PROGRAM											
	Assessment	Case Mgmt.	Intervention Adult	Residential Level I	Residential Level II	Residential Level IV	HIV	Prevention Adult	Crisis Services	Incidental	Total Adult Program
State SAMH Funding:											
From District Contract Funding	\$ 219,943	\$ 13,595	\$ 161,005	\$ 106,165	\$ 2,693,908	\$ 25,052	\$ 237,000	\$ 301,864	\$ 321,081	\$ 82,455	\$ 4,162,067
TANF	-	-	-	-	11,550	-	-	-	-	-	11,550
<b>Total State SAMH Funding</b>	<b>219,943</b>	<b>13,595</b>	<b>161,005</b>	<b>106,165</b>	<b>2,705,458</b>	<b>25,052</b>	<b>237,000</b>	<b>301,864</b>	<b>321,081</b>	<b>82,455</b>	<b>4,173,617</b>
Other governmental funding:											
Other State agency funding	25,328	40,000	16,000	54,085	136,975	310,365	20,000	-	-	-	602,753
Medicaid	-	-	-	-	-	-	-	-	-	-	-
Local government	1,295	-	-	-	443,124	-	-	-	-	-	444,418
Federal grants and contracts	-	-	-	-	4,936	-	-	131,533	-	-	136,469
In-kind (local gov't only)	-	-	-	-	-	-	-	-	-	-	-
<b>Total other governmental funding</b>	<b>26,623</b>	<b>40,000</b>	<b>16,000</b>	<b>54,085</b>	<b>585,034</b>	<b>310,365</b>	<b>20,000</b>	<b>131,533</b>	<b>-</b>	<b>-</b>	<b>1,183,640</b>
All other revenues:											
1st and 2nd party payments	-	-	-	-	-	-	-	-	30,000	-	30,000
3rd party payments	-	-	-	-	-	-	-	-	-	-	-
Medicare	-	-	-	-	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	44,523	-	-	31,806	-	-	76,328
Other	4,575	964	964	964	964	22,720	-	964	-	-	32,112
In-kind	-	-	-	-	-	-	-	-	-	-	-
<b>Total all other revenues</b>	<b>4,575</b>	<b>964</b>	<b>964</b>	<b>964</b>	<b>45,486</b>	<b>22,720</b>	<b>-</b>	<b>32,769</b>	<b>30,000</b>	<b>-</b>	<b>138,440</b>
<b>Total Revenue, support and gains</b>	<b>\$ 251,140</b>	<b>\$ 54,559</b>	<b>\$ 177,969</b>	<b>\$ 161,214</b>	<b>\$ 3,335,979</b>	<b>\$ 358,137</b>	<b>\$ 257,000</b>	<b>\$ 466,166</b>	<b>\$ 351,081</b>	<b>\$ 82,455</b>	<b>\$ 5,495,697</b>

*(continued on next page)*

*See auditor's report*

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

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

*Southeast Florida Behavioral Health Network PDA-1517*

*for the Year Ended June 30, 2017*

	<b>Total State SAMH- Funded Cost Centers</b>	<b>Total State Designated SAMH Cost Centers</b>	<b>Auditorium Rental Income, net of expenses</b>	<b>TOTAL SUPPORT, REVENUES AND GAINS</b>
State SAMH Funding:				
From District Contract Funding	\$ 5,952,522	\$ 5,952,522	\$ -	\$ 5,952,522
TANF	11,550	11,550	-	11,550
<b>Total State SAMH</b>	<b>5,964,072</b>	<b>5,964,072</b>	<b>-</b>	<b>5,964,072</b>
Other governmental funding:				
Other State agency funding	745,331	745,331	-	745,331
Medicaid	-	-	-	-
Local government	1,360,610	1,360,610	-	1,360,610
Federal grants and contracts	164,764	164,764	-	164,764
In-kind (local gov't only)	-	-	-	-
<b>Total other governmental</b>	<b>2,270,704</b>	<b>2,270,704</b>	<b>-</b>	<b>2,270,704</b>
All other revenues:				
1st and 2nd party payments	30,000	30,000	-	30,000
3rd party payments	-	-	-	-
Medicare	-	-	-	-
Contributions and donations	108,134	108,134	-	108,134
Other	60,118	60,118	1,405	61,523
In-kind	55,000	55,000	-	55,000
<b>Total all other</b>	<b>253,251</b>	<b>253,251</b>	<b>1,405</b>	<b>254,656</b>
 <b>Total Revenue, support and gains</b>	 <b>\$ 8,488,028</b>	 <b>\$ 8,488,028</b>	 <b>\$ 1,405</b>	 <b>\$ 8,489,433</b>

*See auditor's report*

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

*Schedule of Expenses by Cost Center*

*Southeast Florida Behavioral Health Network PDA-1517*

*for the Year Ended June 30, 2017*

SAMH COVERED SERVICES							
STATE SAMH-FUNDED COST CENTERS							
CHILD SUBSTANCE PROGRAM							
	TASC	Outpatient	Outreach	Prevention	Detox	Incidental	Total Child Program
Personnel expenses:							
Salaries	\$ 54,055	\$ 2,071	\$ 250,507	\$ 11,200	\$ 62,645	\$ -	\$ 380,477
Fringe benefits	8,566	229	39,298	2,101	9,899	-	60,093
<b>Total personnel expenses</b>	<b>62,622</b>	<b>2,299</b>	<b>289,805</b>	<b>13,301</b>	<b>72,544</b>	<b>-</b>	<b>440,570</b>
Other expenses:							
Building occupancy	1,776	-	72,300	-	1,761	-	75,838
Professional services	127	-	-	-	19,853	776	20,757
Travel	-	-	1,291	-	113	-	1,405
Equipment	-	-	-	-	-	-	-
Food services	-	-	-	-	5,298	-	5,298
Medical and pharmacy	-	-	-	-	10,482	-	10,482
Subcontracted services	-	-	-	-	-	-	-
Insurance	3,658	-	1,662	-	4,037	-	9,356
Interest	-	-	-	-	-	-	-
Operating supplies and expenses	513	-	113	-	356	-	981
Donated items	-	-	-	-	-	-	-
Other	310	-	691	-	3,208	-	4,209
<b>Total other expenses</b>	<b>6,384</b>	<b>-</b>	<b>76,057</b>	<b>-</b>	<b>45,108</b>	<b>776</b>	<b>128,326</b>
<b>Total personnel and other expenses</b>	<b>69,006</b>	<b>2,299</b>	<b>365,862</b>	<b>13,301</b>	<b>117,652</b>	<b>776</b>	<b>568,896</b>
Distributed costs:							
Other support costs	-	-	-	-	-	-	-
Administration	21,293	709	112,895	4,104	36,304	239	175,545
Total distributed costs	21,293	709	112,895	4,104	36,304	239	175,545
Less: unallowable costs:	1,270	42	-	-	8,293	-	9,605
<b>Total allowable operating expenses</b>	<b>\$ 89,029</b>	<b>\$ 2,966</b>	<b>\$ 478,757</b>	<b>\$ 17,405</b>	<b>\$ 145,663</b>	<b>\$ 1,015</b>	<b>\$ 734,836</b>
<b>Capital Expenditures</b>	<b>\$ 708</b>	<b>\$ 500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,209</b>

*(continued on next page)*

*See auditor's report*

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

Schedule of Expenses by Cost Center

Southeast Florida Behavioral Health Network PDA-1517

for the Year Ended June 30, 2017

**SAMH COVERED SERVICES  
STATE SAMH-FUNDED COST CENTERS**

**ADULT SUBSTANCE PROGRAM**

	Assessment	Case Management	Intervention Adult	Residential Level I	Residential Level II	Residential Level IV	Incidental	Crises Services	Outpatient	Outreach	Detox	HIV	Prevention	Total Adult Program
Personnel expenses:														
Salaries	\$ 73,945	\$ 31,987	\$ 135,993	\$ 58,287	\$ 1,673,467	\$ 82,013	\$ -	\$ 127,473	\$ 365,226	\$ 68,692	\$ 431,851	\$ 151,814	\$ 212,907	\$ 3,413,656
Fringe benefits	11,769	4,958	20,968	9,128	263,483	12,687	-	19,684	57,312	10,429	67,917	23,452	33,019	534,806
<b>Total personnel expenses</b>	<b>85,714</b>	<b>36,945</b>	<b>156,961</b>	<b>67,415</b>	<b>1,936,950</b>	<b>94,700</b>	<b>-</b>	<b>147,158</b>	<b>422,538</b>	<b>79,121</b>	<b>499,769</b>	<b>175,266</b>	<b>245,927</b>	<b>3,948,462</b>
Other expenses:														
Building occupancy	2,740	2,725	559	3,564	124,885	27,441	-	44,430	46,618	36,940	14,250	839	33,597	338,590
Professional services	64,265	-	-	58	61,535	15	-	-	65	6	272,723	-	144	398,810
Travel	326	134	483	-	1,192	-	-	67	17	454	917	724	3,241	7,554
Equipment	-	-	-	-	230	71	-	-	58	-	-	-	-	359
Food services	-	-	-	29,402	163,251	58,484	-	44,723	-	-	42,865	-	-	338,726
Medical and pharmacy	-	-	-	-	31,437	371	82,455	-	-	-	84,806	-	4,321	203,390
Subcontracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	13,649	118	2,546	1,612	33,046	5,782	-	10,894	5,479	1,662	32,661	3,819	11,337	122,606
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating supplies and expenses	88	11	170	365	25,697	3,822	-	2,133	3,105	40	2,878	255	9,117	47,681
Donated items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,443	58	314	5,777	98,900	30,292	-	4,974	8,155	243	25,958	471	10,634	188,217
<b>Total other expenses</b>	<b>83,511</b>	<b>3,046</b>	<b>4,073</b>	<b>40,780</b>	<b>540,173</b>	<b>126,279</b>	<b>82,455</b>	<b>107,220</b>	<b>63,496</b>	<b>39,344</b>	<b>477,058</b>	<b>6,109</b>	<b>72,392</b>	<b>1,645,934</b>
<b>Total personnel and other expenses</b>	<b>169,224</b>	<b>39,991</b>	<b>161,033</b>	<b>108,195</b>	<b>2,477,122</b>	<b>220,979</b>	<b>82,455</b>	<b>254,378</b>	<b>486,034</b>	<b>118,464</b>	<b>976,827</b>	<b>181,375</b>	<b>318,319</b>	<b>5,594,396</b>
Distributed costs:														
Other support costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration	52,218	12,340	49,690	33,386	764,371	68,188	-	78,494	149,977	36,555	301,421	55,967	98,224	1,700,831
<b>Total distributed costs</b>	<b>52,218</b>	<b>12,340</b>	<b>49,690</b>	<b>33,386</b>	<b>764,371</b>	<b>68,188</b>	<b>-</b>	<b>78,494</b>	<b>149,977</b>	<b>36,555</b>	<b>301,421</b>	<b>55,967</b>	<b>98,224</b>	<b>1,700,831</b>
Less: unallowable costs:	3,114	736	2,963	1,991	46,449	4,067	-	4,681	8,944	2,180	17,976	3,338	5,858	102,298
<b>Total allowable operating expenses</b>	<b>\$ 218,328</b>	<b>\$ 51,595</b>	<b>\$ 207,760</b>	<b>\$ 139,590</b>	<b>\$ 3,195,044</b>	<b>\$ 285,100</b>	<b>\$ 82,455</b>	<b>\$ 328,191</b>	<b>\$ 627,066</b>	<b>\$ 152,839</b>	<b>\$ 1,260,272</b>	<b>\$ 234,004</b>	<b>\$ 410,685</b>	<b>\$ 7,192,930</b>
<b>Capital Expenditures</b>	<b>\$ 627</b>	<b>\$ 742</b>	<b>\$ 768</b>	<b>\$ 25,116</b>	<b>\$ 150,307</b>	<b>\$ 48,186</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,919</b>	<b>\$ 619</b>	<b>\$ 59,946</b>	<b>\$ -</b>	<b>\$ 32,257</b>	<b>\$ 325,487</b>

(continued on next page)

See auditor's report

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

*Schedule of Expenses by Cost Center*

*Southeast Florida Behavioral Health Network PDA-1517*

*for the Year Ended June 30, 2017*

	<b>Total State SAMH- Funded Cost Centers</b>	<b>Total Non- State Funded SAMH Cost Centers</b>	<b>Total State Designated SAMH Cost Centers</b>	<b>Auditorium Rental</b>	<b>Other Support Costs</b>	<b>Admin.</b>	<b>TOTAL EXPENSES</b>
Personnel expenses:							
Salaries	\$ 3,794,133	\$ -	\$ 3,794,133	\$ -	\$ -	\$ 1,145,182	\$ 4,939,315
Fringe benefits	594,899	-	594,899	-	-	239,977	834,876
<b>Total personnel expenses</b>	<b>4,389,032</b>	<b>-</b>	<b>4,389,032</b>	<b>-</b>	<b>-</b>	<b>1,385,158</b>	<b>5,774,191</b>
	-	-	-	-	-	-	-
Other expenses:							
Building occupancy	414,428	-	414,428	24,768	-	45,358	484,554
Professional services	419,567	-	419,567	6	-	35,309	454,882
Travel	8,959	-	8,959	-	-	4,633	13,592
Equipment	359	-	359	72	-	1,096	1,526
Food services	344,024	-	344,024	-	-	20,967	364,991
Medical and pharmacy	213,872	-	213,872	-	-	-	213,872
Subcontracted services	-	-	-	-	-	38,000	38,000
Insurance	131,962	-	131,962	-	-	49,089	181,051
Interest	-	-	-	-	-	103,610	103,610
Operating supplies and expenses	48,662	-	48,662	3,514	-	58,963	111,139
Donated items	-	-	-	8,161	-	-	8,161
Other	192,426	-	192,426	-	-	134,194	326,621
<b>Total other expenses</b>	<b>1,774,260</b>	<b>-</b>	<b>1,774,260</b>	<b>36,521</b>	<b>-</b>	<b>491,218</b>	<b>2,301,999</b>
<b>Total personnel and other expenses</b>	<b>6,163,292</b>	<b>-</b>	<b>6,163,292</b>	<b>36,521</b>	<b>-</b>	<b>1,876,376</b>	<b>8,076,186</b>
Distributed costs:							
Other support costs	-	-	-	(36,521)	-	-	(36,521)
Administration	1,876,377	-	1,876,377	-	-	(1,876,377)	0
Total distributed costs	1,876,377	-	1,876,377	(36,521)	-	(1,876,377)	(36,521)
	-	-	-	-	-	-	-
Less: unallowable costs:	111,903	-	111,903	-	-	-	111,903
<b>Total allowable operating expenses</b>	<b>\$ 7,927,766</b>	<b>\$ -</b>	<b>\$ 7,927,766</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ 7,927,766</b>
<b>Capital Expenditures</b>	<b>\$ 326,696</b>	<b>\$ -</b>	<b>\$ 326,696</b>	<b>\$ 145,163</b>	<b>\$ -</b>	<b>\$ 93,516</b>	<b>\$ 565,375</b>

See auditor's report

**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

*Schedule of Related Party Transaction Adjustments*

*Southeast Florida Behavioral Health Network*

*for the Year Ended June 30, 2017*

	SAMH Covered Services										
	Detox	Outpatient	Outreach	Intervention	Case Mgmt.	Residential	Prevention	Incidental	TASC	Other	Total
Revenues from Grantee:											
DCF/SEFBHN funding	\$ 740,484	\$ 384,491	\$ 592,825	\$ 161,005	\$ 13,595	\$ 2,836,673	\$ 319,152	\$ 82,455	\$ 54,590	\$ 778,800	\$ 5,964,070
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenue from Grantee	<u>740,484</u>	<u>384,491</u>	<u>592,825</u>	<u>161,005</u>	<u>13,595</u>	<u>2,836,673</u>	<u>319,152</u>	<u>82,455</u>	<u>54,590</u>	<u>778,800</u>	<u>5,964,070</u>
Expenses Associated with Grantee											
Transactions:											
Legal services	-	-	-	-	-	-	-	-	-	-	-
Total Associated Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount allowable (necessary operating expenses in arms-length transaction)	-	-	-	-	-	-	-	-	-	-	-
Related Party Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See auditor's report*

## **REQUIRED REPORTS**

# **DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.**

## ***Schedule of Findings and Questioned Costs—Federal Awards Programs and State Financial Assistance Projects For the Year Ended June 30, 2017***

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### **SUMMARY OF AUDITOR’S RESULTS**

1. The auditor’s report expresses an unmodified opinion on the financial statements of Drug Abuse Foundation of Palm Beach County, Inc.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.
3. No instances of noncompliance material to the financial statements of Drug Abuse Foundation of Palm Beach County, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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, STATE OF FLORIDA.
5. The auditor’s report on compliance with requirements that could have a direct and material effect on each major Federal program and State projects for Drug Abuse Foundation of Palm Beach County, Inc. expressed an unmodified opinion.
6. Our audit disclosed no findings required to be reported related to Federal programs under section 510(a) of the Uniform Guidance, nor did our audit disclose any findings related to State projects required to be disclosed under Chapter 10.656, rules of the Auditor General, State of Florida.
7. The programs tested as major programs include Substance Abuse Services, CFDA #93.959 and CSFA #60.034.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Drug Abuse Foundation of Palm Beach County, Inc. was determined to be a low-risk auditee pursuant to the Uniform Guidance.

### **FINDINGS – FINANCIAL STATEMENTS AUDIT**

No management letter is required because there were no findings required to be reported in the management letter.

### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD AND STATE PROGRAM AUDIT**

No findings noted

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs or State projects. No corrective action plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.





*Mari Huff, C.P.A., P.A.*

CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Board of Directors of  
Drug Abuse Foundation of Palm Beach County, Inc.  
Delray Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Drug Abuse Foundation of Palm Beach County, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2017

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Drug Abuse Foundation of Palm Beach County, 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 Drug Abuse Foundation of Palm Beach County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.

***Internal Control Over Financial Reporting (continued)***

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 Drug Abuse Foundation of Palm Beach County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mari Huff, C.P.A., P.A.  
Stuart, Florida  
December 8, 2017



# *Mari Huff, C.P.A., P.A.*

CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Board of Directors of  
Drug Abuse Foundation of Palm Beach County, Inc.  
Delray Beach, Florida

### **Report on Compliance for Each Major Federal Program and State Projects**

We have audited Drug Abuse Foundation of Palm Beach County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *State of Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Drug Abuse Foundation of Palm Beach County, Inc.'s major federal programs and state projects for the year ended June 30, 2017. Drug Abuse Foundation of Palm Beach County, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Drug Abuse Foundation of Palm Beach County, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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), *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, State of Florida Rules of the Auditor General. Those standards and the Uniform Guidance and Chapter 10.650, State of Florida Rules of the Auditor General, require that we plan and perform the audit to obtain

***Auditor's Responsibility (continued)***

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Drug Abuse Foundation of Palm Beach County, 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 Drug Abuse Foundation of Palm Beach County, Inc.'s compliance.

***Opinion on Each Major Federal Program and State Project***

In our opinion, Drug Abuse Foundation of Palm Beach County, 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, 2017.

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

Management of Drug Abuse Foundation of Palm Beach County, 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 Drug Abuse Foundation of Palm Beach County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and 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, State of Florida Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Drug Abuse Foundation of Palm Beach County, 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.

***Report on Internal Control Over Compliance (continued)***

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, State of Florida Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Mari Huff, C.P.A., P.A.  
Stuart, Florida  
December 8, 2017