



**DRUG ABUSE FOUNDATION OF  
PALM BEACH COUNTY, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2019**

*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 and Executive Director  
Drug Abuse Foundation of Palm Beach County, Inc.  
Delray Beach, Florida

### ***Report on the Financial Statements***

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 statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2019, and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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 Drug Abuse Foundation of Palm Beach County, Inc., as of June 30, 2019, 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, 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other Matters***

### *Other 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, 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 of the State of Florida Rules of the Auditor General* and are presented for purposes of additional analysis and are 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, we have also issued our report dated December 9, 2019 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 the Drug Abuse Foundation of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

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

December 9, 2019

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Statement of Financial Position

As of June 30, 2019

(with Comparative Totals as of June 30, 2018)

	Totals	
	2019	2018
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 649,085	\$ 523,771
Grants and contracts receivable	1,116,567	1,540,613
Inventory	120,386	14,613
Prepaid expenses	110,585	88,551
Total current assets	<u>1,996,623</u>	<u>2,167,548</u>
Property and equipment, net	<u>2,265,528</u>	<u>2,090,092</u>
Other assets:		
Deposits	16,730	16,730
Loan fees and other	931	4,496
Total other assets	<u>17,661</u>	<u>21,226</u>
<b>Total assets</b>	<b><u>\$ 4,279,812</u></b>	<b><u>\$ 4,278,866</u></b>
<b>Liabilities and Net Assets:</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 214,435	\$ 161,818
Accrued expenses	396,090	382,524
Mortgage payable, current portion (less unamortized debt issuance costs of \$3,113 in FY 2019)	52,586	49,750
Total current liabilities	<u>663,111</u>	<u>594,092</u>
Mortgage payable, long-term portion (less unamortized debt issuance costs of \$10,328 in FY 2019)	1,809,321	1,863,459
Total liabilities	<u>2,472,432</u>	<u>2,457,551</u>
Net assets:		
Without donor restrictions	1,638,095	1,703,091
With donor restrictions	169,286	118,224
Total net assets	<u>1,807,381</u>	<u>1,821,315</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 4,279,812</u></b>	<b><u>\$ 4,278,866</u></b>

See independent auditors' report and notes to financial statements

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

*Statement of Activities*

*For the Year Ended June 30, 2019*

*(with Comparative Totals for the Year Ended June 30, 2018)*

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
Support and Revenues				
Public Support				
Federal and state ADM grants				
Substance abuse	\$ 6,693,426	\$ -	\$ 6,693,426	\$ 5,980,945
Substance abuse-prior year	-	-	-	450,000
Ounce of Prevention	133,632	-	133,632	131,373
US Dept. of Probation	41,470	-	41,470	34,500
Palm Beach County	1,350,441	-	1,350,441	1,407,348
Contributions and donations	125,391	99,416	224,807	224,872
In-kind contributions	241,203	8,162	249,365	175,000
Total public support	<u>8,585,563</u>	<u>107,578</u>	<u>8,693,141</u>	<u>8,404,038</u>
Other revenues				
Client fees	70,310	-	70,310	46,739
Food stamps	59,992	-	59,992	42,631
State and local service revenue	931,589	-	931,589	1,167,179
Other revenues	6,920	-	6,920	10,365
Investment income	1,289	-	1,289	1,111
Rental income	11,342	-	11,342	6,055
Total other revenues	<u>1,081,442</u>	<u>-</u>	<u>1,081,442</u>	<u>1,274,080</u>
Total support and revenues	<u>\$ 9,667,005</u>	<u>\$ 107,578</u>	<u>\$ 9,774,583</u>	<u>\$ 9,678,118</u>

*(continued on next page)*

*See independent auditors' 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, 2019*

*(with Comparative Totals for the Year Ended June 30, 2018)*

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
Expenses				
Program services				
Adult substance program	\$ 8,476,793	\$ 8,162	\$ 8,484,955	\$ 8,286,948
Total program services	<u>8,476,793</u>	<u>8,162</u>	<u>8,484,955</u>	<u>8,286,948</u>
Support services				
Administration	1,317,794	-	1,317,793	1,058,216
Rental expense	11,342	-	11,342	5,846.00
Total support services	<u>1,329,136</u>	<u>-</u>	<u>1,329,135</u>	<u>1,064,062</u>
Total functional expenses	<u>9,805,929</u>	<u>8,162</u>	<u>9,814,091</u>	<u>9,345,164</u>
Total expenses	<u>9,805,929</u>	<u>8,162</u>	<u>9,814,091</u>	<u>9,351,010</u>
Net assets released from donor restrictions	48,354	(48,354)	-	-
Change in net assets	(90,570)	51,062	(39,508)	327,108
Prior period adjustment	25,574	-	25,574	44,736
Net assets, beginning of year	1,703,091	118,224	1,821,315	1,449,471
Net assets, end of year	<u>\$ 1,638,095</u>	<u>\$ 169,286</u>	<u>\$ 1,807,381</u>	<u>\$ 1,821,315</u>

*See independent auditors' report and notes to financial statements*

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

*Statement of Functional Expenses*

*For the Year Ended June 30, 2019*

*(With Comparative Totals for the Year Ended June 30, 2018)*

	<b>PROGRAM SERVICES</b>	<b>SUPPORT SERVICES</b>		<b>TOTALS</b>	
		<b>Administration</b>	<b>Auditorium Rentals</b>	<b>2019</b>	<b>2018</b>
Personnel expenses:					
Salaries	\$ 5,151,057	\$ 820,197	\$ -	\$ 5,971,254	\$ 5,792,578
Benefits and taxes	927,888	180,211	-	1,108,099	1,062,527
<b>Total personnel expenses</b>	<b>\$ 6,078,945</b>	<b>\$ 1,000,408</b>	<b>\$ -</b>	<b>\$ 7,079,353</b>	<b>6,855,105</b>
Operating expenses:					
Building occupancy	404,273	38,121	9,749	452,143	574,602
Professional services	420,393	83,841	-	504,234	396,972
Travel	12,428	4,618	-	17,046	14,695
Equipment	855	70	-	925	2,286
Food services	379,225	1,319	-	380,544	361,443
Medical & pharmacy	521,677	-	-	521,677	369,319
Insurance	198,007	18,814	-	216,821	169,995
Interest	-	98,580	-	98,580	105,342
Operating supplies & expenses	113,908	15,204	4	129,116	94,011
Other	34,284	53,461	(13,807)	73,938	-
In-kind donations	118,902	130,463	-	249,365	99,012
Other Support Costs	-	(130,463)	-	(130,463)	-
Administration	-	-	-	-	-
<b>Total direct expenses</b>	<b>8,282,897</b>	<b>1,314,436</b>	<b>(4,054)</b>	<b>9,593,279</b>	<b>9,042,782</b>
Amortization and depreciation	202,058	3,358	15,396	220,812	308,228
<b>Total Expenses</b>	<b>8,484,955</b>	<b>1,317,794</b>	<b>11,342</b>	<b>9,814,091</b>	<b>9,351,010</b>
Less: rental expenses presented in net rental income	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 8,484,955</b>	<b>\$ 1,317,794</b>	<b>\$ 11,342</b>	<b>\$ 9,814,091</b>	<b>\$ 9,351,010</b>

*See independent auditors' report and notes to financial statements*



**DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.***Statement of Cash Flows**For the Year Ended June 30, 2019**(with Comparative Totals for the Year Ended June 30, 2018)*

	<b>Totals</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Receipts from public and private support, net of amounts restricted for long-term purposes	\$ 9,751,825	\$ 8,363,806
Receipts from fees charged to clients	70,310	46,739
Payments to suppliers and employees	(9,277,819)	(8,681,834)
Rents received	11,342	6,055
Other cash received	6,920	10,362
Interest received	1,289	1,111
Interest paid	(98,580)	(105,342)
<b>Net cash (used in) / provided by operating activities</b>	<b>465,287</b>	<b>(359,103)</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(385,251)	(263,078)
<b>Net cash used in investing activities</b>	<b>(385,251)</b>	<b>(263,078)</b>
<b>Cash flows from financing activities:</b>		
Principal payments under note payable	(54,138)	(45,610)
Contributions restricted for long-lived assets	99,416	118,224
<b>Net cash provided by financing activities</b>	<b>45,278</b>	<b>72,614</b>
Net change in cash and cash equivalents	125,314	(549,567)
Cash and cash equivalents, beginning of year	523,771	1,073,338
Cash and cash equivalents, end of year	<b>\$ 649,085</b>	<b>\$ 523,771</b>
<b>Reconciliation of change in net assets to net cash (used in) / provided by operating activities:</b>		
Change in net assets	\$ (39,508)	\$ 327,108
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Prior period adjustment	25,574	-
Amortization	3,565	-
Depreciation expense	220,812	308,228
Contributions restricted for building project and other long-term purposes	(107,578)	(118,224)
Change in:		
Grants and contracts receivable	424,046	(956,820)
Inventory	(105,773)	3,321
Prepaid expenses	(22,034)	(2,223)
Accounts payable	52,617	(2,081)
Accrued expenses	13,566	81,588
<b>Net cash (used in) / provided by operating activities</b>	<b>\$ 465,287</b>	<b>\$ (359,103)</b>

*See independent auditors' report and notes to financial statements*

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

*Notes to Financial Statements*

*June 30, 2019*

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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 SIGNIFICANT ACCOUNTING POLICIES**

### Basis of Accounting

The accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America and are in accordance with the Financial 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 report information regarding the Foundation’s financial position and activities according to two classes of net assets; with donor restrictions and without donor restrictions.

### 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Promises to Give

Contributions are recognized when a donor makes promises to give to the Organization that are, 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 periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

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

*Notes to Financial Statements*

*June 30, 2019*

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

### Revenue Recognition

Contributions and grants received are recorded as with donor restrictions or without donor restrictions 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 highly liquid debt instruments purchased with initial maturities of three months or less to be cash equivalents.

### Client Fees Receivable

The Foundation requires payment before services are rendered, and therefore did not record client fees receivable for the year ended June 30, 2019.

### Grant and Contract Receivable/Revenue

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

### 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 appropriate departments, at cost, when removed from the storeroom. At June 30, 2019, total inventory was \$120,386.

### Property and Equipment

The Foundation capitalizes property and equipment in excess of \$500. Lesser amounts are expensed. Purchased property and equipment are 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 net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-six years. Maintenance and repairs are charged to expense when incurred.

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

*Notes to Financial Statements*

*June 30, 2019*

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

### Compensated Absences

The Foundation accrues for compensated absences after a six-month probationary period. An accrual is made for any unused time that carries over from year to year, based upon each employee's current pay rate and years of employment at the Foundation. Total accrued compensated absences for the year ended June 30, 2019 was \$394,035, including related accrued payroll expenses amount of \$10,196.

### Debt Issuance Costs

Debt issuance costs of \$16,398 are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability and are being amortized as interest expense using the effective interest method. The debt issuance costs are being amortized over the term of the underlying debt, which is described in Note 6 below. Accumulated amortization amounted to \$15,336 at June 30, 2019. Amortization expense for the year ended June 30, 2019 was \$3,565.

### Donated Rent

The Prevention/Intervention Day program receives the use of facilities from the Palm Beach County School Board free of charge. The fair market value of this rent is \$55,000 per year. Further, the Palm Beach County Sheriff's Office provides the Foundation donated space in Belle Glade, Florida, valued at \$120,000 per year, that the Foundation uses as a correctional facility. Management has determined the above valuations based upon the fair rental value of comparable space and facilities in privately-owned structures in the same areas. The above amounts are reflected as public support in the Statement of Activities, denoted as in-kind contributions, and included in the total in-kind donations on the Statement of Functional Expenses.

### Income Taxes

The Foundation is a not-for-profit corporation exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. Therefore, no income taxes are required to be paid on activities related to its 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, 2019 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, 2017, 2018 and 2019 are subject to examination by IRS, generally for three years after they were filed. None of the Foundation's returns for years prior to 2017 are currently under examination by the IRS. No provision has been recorded with respect to any uncertain tax positions based upon management's evaluation of positions adopted.

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

*Notes to Financial Statements*

*June 30, 2019*

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

### Functional Expenses

The grant contracts with the Department of Children and Families that pass 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.

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operation and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets that are board-designated for specific purposes.

*Net Assets With Donor Restrictions* – Net assets subject to donor – (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature., where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has be fulfilled, or both,

### Reclassifications

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

### Adoption of New Accounting Principles

Effective July 1, 2018, the Foundation adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2019

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

### Adoption of New Accounting Principles

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. The Foundation net assets previously reported as permanently restricted and temporarily restricted are now reported as net assets with donor restrictions. Likewise, the Foundation net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

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

Property and equipment consisted of the following at June 30, 2019:

Land	\$ 325,000
Building and improvements	5,117,776
Furniture and equipment	1,241,862
Vehicles	101,516
Total	<u>6,786,154</u>
Less: accumulated depreciation	<u>4,520,627</u>
<b>Net</b>	<b><u><u>\$2,265,528</u></u></b>

Depreciation expense for the year ended June 30, 2019 was \$200,812. These amounts represent a combination of amounts charged to both functional expenses and expenses of rental income.

## **NOTE 4: LIQUIDITY AND AVAILABILITY**

The schedule below reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include Board designated amounts that could be utilized if the Board approves the use. The balance represents financial assets that are liquid and available within one year:

Financial assets:	
Cash and cash equivalents	\$ 649,085
Less donor restricted cash	(276,462)
Liquidity resources:	
Bank line of credit	250,000
Total financial assets available within one year	<u><u>\$ 622,623</u></u>

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2019

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## **NOTE 5: RENTAL INCOME**

The Foundation rents its auditorium to various lessees on an as needed basis. Total rental revenues were \$11,342 and total rental expenses were \$11,342 for the year ended June 30, 2019.

## **NOTE 6: 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. There was no outstanding balance on this line for the year ended June 30, 2019, and no interest expense was incurred under this line for either year. This line is set to expire in January 2020 but is expected to be renewed.

## **NOTE 7: MORTGAGE PAYABLE**

On September 29, 2014, the Foundation refinanced its existing line of credit and long-term promissory note with TD Bank. The line of credit remained at \$250,000 and is subject to a 2.5% increase over the monthly LIBOR rate for a term of 12 months. The amount borrowed under the promissory note 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 in its operations. The note established 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. In connection with the refinancing, the Foundation granted security interests to TD Bank that generally collateralized all of the Foundation's real and personal property. Additionally, the Foundation assumed certain limited restrictions on its ability to sell, transfer, encumber, and engage in other transactions with respect to its real property.

The aggregate maturities of the promissory note subsequent to June 30, 2019, shown net of debt unamortized debt issuance costs, are as follows:

Years ending June 30	
2020	\$ 52,586
2021	55,655
2022	58,710
2023	62,013
Thereafter	1,632,943
	<u>\$1,861,907</u>

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

*Notes to Financial Statements*

*June 30, 2019*

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## **NOTE 8: LEASE COMMITMENTS**

### Commercial real estate leases

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 were 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, 2019 was \$51,024.

In March of 2019, the Foundation renewed its office lease in Belle Glade, Florida for one year, beginning April 1, 2019 and expiring March 31, 2020. The lease requires monthly rent payments of \$1,633. It further requires the Foundation to purchase and maintain liability insurance at prescribed levels throughout the term of the lease. Additionally, the Foundation was required to pledge and assign to the lessor all furniture, goods, and chattels as security for rental obligations. The Foundation was generally granted a right of first refusal for periods subsequent to the expiration of the term. For the year ended June 30, 2019, rental expense totaled \$26,427.

## **NOTE 9: EMPLOYEE BENEFITS**

In Fiscal Year 1995, the Foundation established a defined contribution retirement 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 upon their hiring date. After two years of service, the Foundation contributes an amount equaling each participant's contribution up to 1.0% of the employee's annual salary for the first year in which she is eligible for employer contributions. The Foundation's contribution increases up to a maximum of 11.0% by the 20th year of eligibility. Contributions by the Foundation were \$93,067 for the year ended June 30, 2019.



# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2019

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## **NOTE 10: 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”) 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. Subsequently, agreement PDA48, as amended, superseded agreement PDA04-1517, becoming effective on July 1, 2018 and ending on June 30, 2019. For the period July 1, 2018 through June 30, 2019, contract #PDA48 authorized funds totaling \$11,189,613 to be paid by the Managing Entity to the Foundation upon submission of funding request invoices meeting relevant compliance standards.

During the fiscal year ended June 30, 2019, the reimbursable services under these contracts were as follows:

Total Expenditures	\$	9,814,091
Less Other State and Federal Funds		(107,769)
Less Non-Match SAMH Funds		(3,409,017)
Less: unallowable costs per 65E-14, F.A.C.		
Legal costs	(2,932)	
Other unallowable costs	(41,955)	
Interest expense allocated to Admin	(95,580)	(140,467)
Total Allowable Expenditures		6,156,837
Maximum Available Earnings		4,617,628
Amount of State Funds Requiring Match		3,284,409
Amount of Overmatch	\$	<u>1,333,219</u>

## **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 by dollar value. 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.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2019

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## NOTE 12: CONCENTRATIONS

### Major Funders

Major funders who have provided greater than 10% of total revenues for the year ended June 30, 2019 are as follows:

	Revenue	Receivable
Southeast Florida Behavioral Health	\$ 6,693,426	\$ 522,654
Palm Beach County Community Services	1,350,441	354,170
Total	<u>\$ 8,043,867</u>	<u>\$ 876,824</u>

The Foundation received approximately 80% of its revenue from the above funders for each of the fiscal years ended June 30, 2019.

The Foundation's right to payment for valid funding requests is generally protected by statutory and contractual frameworks that govern the relationships between the entities, subject to limitations and conditions. However, a policy change at these agencies could have an adverse effect on operations, and the concentrations make the Foundation vulnerable to the risk of a near-term severe impact.

### 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. The Foundation had approximately \$285,000 in uninsured funds as of June 30, 2019.

## 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	\$ 78,973
Department of Corrections	471,180
FADA	249,610
PBSO Trust Fund	126,875
Other	4,951
Total	<u>\$ 931,589</u>

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

*Notes to Financial Statements*

*June 30, 2019*

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**NOTE 14: BED-DAY AVAILABILITY**

The Foundation received a portion of its support from the Federal Government and the State of Florida under grant contract number PDA48 with Southeast Florida Behavioral Health Network.

Under the contracts, the Foundation must provide the Southeast Florida Behavioral Health Network with a schedule of bed-day availability payments. Below is the schedule required under this contract:

Program	Covered Service	Contracted Rate	Total Units Of Service Provided	Total Units of Service Paid for by 3rd Party Govt. or Other State Agencies	Maximum # of Units Eligible for Payment by Departments	Amount Paid for Services by the Department	Maximum \$ Value of Units in Column F	Amount Owed to Department
A	B	C	D	E	F	G	H	I
Adult SA	Substance Abuse	\$ 227	7,753	3,588	4,165	\$ 799,267	\$ 945,455	\$ -

**NOTE 15: EVALUATION OF SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through December 9, 2019, which is the date which the financial statements were available to be issued.

**NOTE 16: PRIOR PERIOD ADJUSTMENT**

During Fiscal Year 2019, certain accounting misstatements were identified by the Foundation totaling \$25,574. These misstatements were comprised of immaterial adjustments to inventory costs and accrued audit fees in fiscal years prior to June 30, 2019. The adjustments were necessary to avoid charging expenses that may have been unallowable for current year Federal and State programs.

**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, 2019*

<b>Federal Grantor/Pass-through Grantor/Program</b>	<b>Contract Number</b>	<b>CFDA Number</b>	<b>CSFA Number</b>	<b>Total Expenditures</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	PDA48-15-4	93.959	-	\$ 2,306,895
Temporary Assistance for Needy Families	PDA48-15-4	93.558	-	95,062
State Targeted Response to the Opioid Crisis	PDA48-15-4	93.788	-	546,679
Total Florida Department of Children and Families				<u>2,948,636</u>
U.S. Department of Agriculture				
Pass-through:				
Florida Department of Children and Families				
Southeast Florida Behavioral Health Network, Inc.				
State Opioid Response Discretionary Grant	PDA48-15-4	93.788		314,210
Total Florida Department of Children and Families				<u>314,210</u>
<b>Total Expenditures of Federal Awards</b>				<b><u>\$ 3,262,846</u></b>

**State Financial Assistance:**

Florida Department of Children and Families				
Pass-through:				
Southeast Florida Behavioral Health Network, Inc.				
Prevention and Treatment of Substance Abuse	PDA48-15-4	-	60.034	\$ 3,430,580
Florida Department of Health:				
Pass through:				
The Ounce of Prevention Fund of Florida	17-18-167	-	64.035	133,632
<b>Total Expenditures of State Financial Assistance</b>				<b><u>\$ 3,564,212</u></b>

**NOTE: A - BASIS OF PRESENTATION**

The above Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal award and state financial assistance activity of the Foundation under programs of the federal and state government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the 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 of the State of Florida Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

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

(1) Expenditures reported on the above Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650 of the State of Florida Rules of the Auditor General, 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 - INDIRECT COST RATE**

Drug Abuse Foundation of Palm Beach County, Inc. has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance and State of Florida Rules of the Auditor General.

*See independent auditors' report*

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Schedule of Support, Revenues, and Gains by Cost Center

Southeast Florida Behavioral Health Network PDA48

For the Year Ended June 30, 2019

SAMH COVERED SERVICES  
STATE SAMH-FUNDED COST CENTERS

ADULT SUBSTANCE PROGRAM

	Residential Level 1	Residential Level 2	Residential Level 4	Assessment	Incidental	Intervention Case Management	Crises Services	Medical Psych	Prevention	Outpatient	Outreach	Detox	HIV	Vouchers	Total Adult Program
State SAMH Funding:															
From District Contract Funding	\$ 246,960	\$ 2,616,832	\$ 270,379	\$ 348,742	\$ 78,006	\$ 179,785	\$ 742,711	\$ 510,433	\$ 97,622	\$ 397,841	\$ -	\$ 799,267	\$ 276,681	\$ 33,107	\$ 6,598,364
TANF	-	92,062	3,000	-	-	-	-	-	-	-	-	-	-	-	95,062
<b>Total State SAMH Funding</b>	<b>246,960</b>	<b>2,708,894</b>	<b>273,379</b>	<b>348,742</b>	<b>78,006</b>	<b>179,785</b>	<b>742,711</b>	<b>510,433</b>	<b>97,622</b>	<b>397,841</b>	<b>-</b>	<b>799,267</b>	<b>276,681</b>	<b>33,107</b>	<b>6,693,426</b>
Other governmental funding															
Other State agency funding	72,516	169,101	57,824	62,884	-	87,094	-	26,293	121,230	175,628	8,212	-	-	-	780,782
Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local government	175,000	316,259	-	46,575	-	70,000	26,875	-	-	78,973	28,131	814,476	-	-	1,556,289
Federal grants and contracts	-	41,470	-	-	-	-	-	-	18,287	2,160	-	118,137	-	-	180,054
In-kind (local gov't only)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other governmental funding</b>	<b>247,516</b>	<b>526,830</b>	<b>57,824</b>	<b>109,459</b>	<b>-</b>	<b>157,094</b>	<b>26,875</b>	<b>26,293</b>	<b>139,517</b>	<b>256,761</b>	<b>36,343</b>	<b>932,613</b>	<b>-</b>	<b>-</b>	<b>2,517,125</b>
All other revenues															
1st and 2nd party payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3rd party payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medicare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions and donations	60,000	10,000	-	-	-	-	-	3,000	2,000	-	-	149,807	-	-	224,807
Other	-	-	-	8,351	-	8,309	-	-	9,000	42,901	9,959	-	-	-	78,519
In-kind	-	-	-	8,324	-	64,644	-	60,000	40,000	33,300	43,096	-	-	-	249,365
<b>Total all other revenues</b>	<b>60,000</b>	<b>10,000</b>	<b>-</b>	<b>16,676</b>	<b>-</b>	<b>72,953</b>	<b>-</b>	<b>63,000</b>	<b>51,000</b>	<b>76,201</b>	<b>53,055</b>	<b>149,807</b>	<b>-</b>	<b>-</b>	<b>552,692</b>
<b>Total Support, Revenues, &amp; Gains</b>	<b>\$ 554,476</b>	<b>\$ 3,245,724</b>	<b>\$ 331,203</b>	<b>\$ 474,877</b>	<b>\$ 78,006</b>	<b>\$ 409,832</b>	<b>\$ 769,586</b>	<b>\$ 599,726</b>	<b>\$ 288,139</b>	<b>\$ 730,803</b>	<b>\$ 89,398</b>	<b>\$ 1,881,687</b>	<b>\$ 276,681</b>	<b>\$ 33,107</b>	<b>\$ 9,763,245</b>

(continued on next page)

See independent auditors' report

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

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

*Southeast Florida Behavioral Health Network PDA48*

*For the Year Ended June 30, 2019 (continued)*

	<b>Total for State SAMH-Funded Covered Services</b>	<b>Total for Non- State-Funded Covered Services</b>	<b>Total for All Covered Services</b>	<b>Auditorium Rental Income</b>	<b>Total Support, Revenues, and Gains</b>
State SAMH Funding:					
From District Contract Funding	\$ 6,598,364	\$ -	\$ 6,598,364	\$ -	\$ 6,598,364
TANF	95,062	-	95,062	-	95,062
<b>Total State SAMH Funding</b>	<b>6,693,426</b>	<b>-</b>	<b>6,693,426.00</b>	<b>-</b>	<b>6,693,426</b>
Other governmental funding					
Other State agency funding	780,782	-	780,782	-	780,782
Medicaid	-	-	-	-	-
Local government	1,556,289	-	1,556,289	-	1,556,289
Federal grants and contracts	180,054	-	180,054	-	180,054
In-kind (local gov't only)	-	-	-	-	-
<b>Total other governmental funding</b>	<b>2,517,125</b>	<b>-</b>	<b>2,517,125</b>	<b>-</b>	<b>2,517,125</b>
All other revenues					
1st and 2nd party payments	-	-	-	-	-
3rd party payments	-	-	-	-	-
Medicare	-	-	-	-	-
Contributions and donations	224,807	-	224,807	-	224,807
Other	78,519	-	78,519	11,342	89,861
In-kind	249,365	-	249,365	-	249,365
<b>Total all other revenues</b>	<b>552,691</b>	<b>-</b>	<b>552,691</b>	<b>11,342.00</b>	<b>564,033</b>
<b>Total Support, Revenues, and Gains</b>	<b>\$ 9,763,242</b>	<b>\$ -</b>	<b>\$ 9,763,242</b>	<b>\$ 11,342</b>	<b>\$ 9,774,583</b>

*See independent auditors' report*

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Schedule of Expenses by Cost Center  
 Southeast Florida Behavioral Health Network PDA48  
 For the Year Ended June 30, 2019

SAMH COVERED SERVICES															
STATE SAMH-FUNDED COST CENTERS															
ADULT SUBSTANCE PROGRAM															
	Residential Level 1	Residential Level 2	Residential Level 4	Assessment	Incidental	Intervention Case Management	Crises Services	Medical Psych	Prevention	Outpatient	Outreach	Detox	HIV	Vouchers	Total Adult Program
<b>Personnel expenses:</b>															
Salaries	\$ 350,499	\$ 1,701,507	\$ 182,019	\$ 272,218	\$ -	\$ 181,690	\$ 435,082	\$ 405,268	\$ 208,762	\$ 463,852	\$ 18,525	\$ 802,606	\$ 129,029	\$ -	\$ 5,151,057
Benefits and taxes	44,105	274,766	30,416	61,097	-	37,356	76,235	6,810	42,294	104,279	7,082	195,710	47,738	-	927,888
<b>Total personnel expenses</b>	<b>394,604</b>	<b>1,976,273</b>	<b>212,435</b>	<b>333,315</b>	<b>-</b>	<b>219,046</b>	<b>511,317</b>	<b>412,078</b>	<b>251,056</b>	<b>568,131</b>	<b>25,607</b>	<b>998,316</b>	<b>176,767</b>	<b>-</b>	<b>6,078,945</b>
<b>Other Expenses</b>															
Building Occupancy	29,391	153,193	27,954	16,746	-	4,474	87,998	3,186	-	11,632	3,631	51,126	14,943	-	404,273
Professional Services	119	109,749	66	1,906	-	57	51	45,323	272	346	47	247,434	15,023	-	420,393
Travel	204	3,447	204	1,135	-	986	-	-	5,036	-	294	1,121	-	-	12,428
Equipment	21	208	22	42	-	38	27	21	180	153	15	123	5	-	855
Food Services	47,405	260,004	7,328	-	-	-	-	-	-	-	-	64,489	-	-	379,225
Medical and Pharmacy	220	195,068	299	-	78,006	-	-	-	-	-	-	248,084	-	-	521,677
Subcontracted Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	14,373	68,513	17,100	5,903	-	10,740	18,529	2,118	4,405	10,879	2,297	28,540	14,610	-	198,007
Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Supplies & Expenses	7,473	28,231	2,295	5,366	-	6,387	11,393	1,832	2,727	2,586	1,664	29,794	14,159	-	113,908
Other	16,174	79,479	21,585	3,387	-	6,613	7,329	1,811	3,387	9,622	1,315	25,109	27,996	33,107	236,339
In-kind donations	-	-	-	8,324	-	64,644	-	60,000	40,000	33,300	43,096	-	-	-	249,364
<b>Total other expenses</b>	<b>115,380</b>	<b>897,892</b>	<b>76,853</b>	<b>42,809</b>	<b>78,006</b>	<b>93,939</b>	<b>125,327</b>	<b>114,291</b>	<b>55,432</b>	<b>68,518</b>	<b>52,359</b>	<b>695,820</b>	<b>86,736</b>	<b>33,107</b>	<b>2,536,469</b>
<b>Total personnel and other expenses</b>	<b>509,984</b>	<b>2,874,165</b>	<b>289,288</b>	<b>376,124</b>	<b>78,006</b>	<b>312,985</b>	<b>636,644</b>	<b>526,369</b>	<b>306,488</b>	<b>636,649</b>	<b>77,966</b>	<b>1,694,136</b>	<b>263,503</b>	<b>33,107</b>	<b>8,615,414</b>
<b>Distributed costs</b>															
Other Support Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration	44,899	375,243	42,323	99,571	-	98,211	134,170	74,311	(17,258)	95,108	11,978	215,460	13,314	-	1,187,330
<b>Total distributed costs</b>	<b>\$ 44,899</b>	<b>\$ 375,243</b>	<b>\$ 42,323</b>	<b>\$ 99,571</b>	<b>\$ -</b>	<b>\$ 98,211</b>	<b>\$ 134,170</b>	<b>\$ 74,311</b>	<b>\$ (17,258)</b>	<b>\$ 95,108</b>	<b>\$ 11,978</b>	<b>\$ 215,460</b>	<b>\$ 13,314</b>	<b>\$ -</b>	<b>\$ 1,187,330</b>
<b>Less: unallowable costs:</b>															
	88	792	88	176	-	293	264	205	235	205	117	440	29	-	2,932
<b>Total allowable operating expenses</b>	<b>\$ 554,795</b>	<b>\$ 3,248,616</b>	<b>\$ 331,523</b>	<b>\$ 475,519</b>	<b>\$ 78,006</b>	<b>\$ 410,903</b>	<b>\$ 770,550</b>	<b>\$ 600,475</b>	<b>\$ 288,995</b>	<b>\$ 731,552</b>	<b>\$ 89,827</b>	<b>\$ 1,909,156</b>	<b>\$ 276,788</b>	<b>\$ 33,107</b>	<b>\$ 9,799,812</b>
<b>Capital Expenditures</b>	<b>\$ 21,915</b>	<b>\$ 190,976</b>	<b>\$ 4,146</b>	<b>\$ 9,535</b>	<b>\$ -</b>	<b>\$ 11,270</b>	<b>\$ 9,216</b>	<b>\$ 7,212</b>	<b>\$ 42,927</b>	<b>\$ 36,932</b>	<b>\$ 4,158</b>	<b>\$ 101,591</b>	<b>\$ 1,024</b>	<b>\$ -</b>	<b>\$ 440,902</b>

See independent auditors' report



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

*Schedule of Expenses by Cost Center*

*Southeast Florida Behavioral Health Network PDA48*

*For the Year Ended June 30, 2019 (continued)*

	<b>Total for State SAMH-Funded Covered Services</b>	<b>Total for Non- State-Funded Covered Services</b>	<b>Total for All Covered Services</b>	<b>Non-SAMH Covered Services</b>	<b>Auditorium Rental Expenses</b>	<b>Other Support Costs</b>	<b>Administration</b>	<b>Total Expenses</b>
Personnel expenses:								
Salaries	\$ 5,151,057	\$ -	\$ 5,151,057	\$ -	\$ -	\$ -	\$ 820,197	\$ 5,971,254
Benefits and taxes	927,888	-	927,888	-	-	-	180,211	1,108,099
Total personnel expenses	<u>6,078,945</u>	<u>-</u>	<u>6,078,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,408</u>	<u>7,079,353</u>
Other Expenses								
Building Occupancy	404,273	-	404,273	-	9,749	-	38,121	452,143
Professional Services	420,393	-	420,393	-	-	-	83,841	504,234
Travel	12,428	-	12,428	-	-	-	4,618	17,046
Equipment	855	-	855	-	-	-	70	925
Food Services	379,225	-	379,225	-	-	-	1,319	380,544
Medical and Pharmacy	521,677	-	521,677	-	-	-	-	521,677
Subcontracted Services	-	-	-	-	-	-	-	-
Insurance	198,007	-	198,007	-	-	-	18,814	216,821
Interest Paid	-	-	-	-	-	-	98,580	98,580
Operating Supplies & Expenses	113,908	-	113,908	-	4	-	15,204	129,116
Other	236,339	-	236,339	-	1,589	-	56,819	294,747
Donated Items	118,902	-	118,902	-	-	-	130,463	249,365
<b>Total other expenses</b>	<u>2,406,007</u>	<u>-</u>	<u>2,406,007</u>	<u>-</u>	<u>11,342</u>	<u>-</u>	<u>447,849</u>	<u>2,865,198</u>
<b>Total personnel and other expenses</b>	<u>8,484,952</u>	<u>-</u>	<u>8,484,952</u>	<u>-</u>	<u>11,342</u>	<u>-</u>	<u>1,448,257</u>	<u>9,944,551</u>
Distributed costs								
Other Support Costs	-	-	-	-	-	-	-	-
Administration	1,187,328	-	1,187,328	-	-	-	(1,317,788)	(130,460)
Total distributed costs	<u>1,187,328</u>	<u>-</u>	<u>1,187,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,317,788)</u>	<u>(130,460)</u>
Less: unallowable costs:	2,932	-	2,932	-	-	-	-	2,932
<b>Total allowable operating expenses</b>	<u>\$ 9,799,812</u>	<u>\$ -</u>	<u>\$ 9,799,812</u>	<u>\$ -</u>	<u>\$ 11,342</u>	<u>\$ -</u>	<u>\$ 130,469</u>	<u>\$ 9,814,091</u>
<b>Capital Expenditures</b>	<u>\$ 440,902</u>	<u>\$ -</u>	<u>\$ 440,902</u>	<u>\$ -</u>	<u>\$ 22,159</u>	<u>\$ -</u>	<u>\$ 8,187</u>	<u>\$ 471,248</u>

*See independent auditors' 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, 2019*

	SAMH Covered Services														Total	
	Intervention															
	Residential Level 1	Residential Level 2	Residential Level 4	Assessment	Incidental	Case Management	Crises Services	Medical Psych	Prevention	Outpatient	Outreach	Detox	HIV	Vouchers		
Revenues from Grantee:																
DCF/SEFBHN funding	\$ 246,960	\$ 2,708,894	\$ 273,379	\$ 348,742	\$ 78,006	\$ 179,785	\$ 742,711	\$ 510,433	\$ 97,622	\$ 397,841	\$ -	\$ 799,267	\$ 276,681	\$ 33,107	\$ 6,693,426	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue from Grantee	<u>246,960</u>	<u>2,708,894</u>	<u>273,379</u>	<u>348,742</u>	<u>78,006</u>	<u>179,785</u>	<u>742,711</u>	<u>510,433</u>	<u>97,622</u>	<u>397,841</u>	<u>-</u>	<u>799,267</u>	<u>276,681</u>	<u>33,107</u>	<u>6,693,426</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>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

*See independent auditors' report*

## **REQUIRED REPORTS**

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

## ***Schedule of Findings and Questioned Costs-Federal Awards and State Financial Assistance***

***For the Year Ended June 30, 2019***

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### **SUMMARY OF AUDITOR'S RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Drug Abuse Foundation of Palm Beach County, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the INDEPENDENT AUDITORS' 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 and state financial assistance are reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE 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 auditors' report on compliance for the major federal award programs and State financial assistance projects for the Drug Abuse Foundation of Palm Beach County, Inc. expressed an unmodified opinion on all major federal programs and state financial assistance.
6. Our audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the *Uniform Guidance*, nor did our audit disclose any findings related to State financial assistance required to be disclosed under *Chapter 10.650, rules of the Auditor General*, State of Florida.
7. The programs tested as major programs include Substance Abuse Services, CFDA #93.959, CFDA #93.788 and CSFA #60.034.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Drug Abuse Foundation of Palm Beach County, Inc. was determined to be a low-risk auditee.

### **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 AUDITORS' 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 and Executive Director  
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. (the "Foundation") (a nonprofit Florida corporation), which comprise the statement of financial position as of June 30, 2019, 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 9, 2019.

***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 Drug Abuse Foundation of Palm Beach County, Inc.'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.

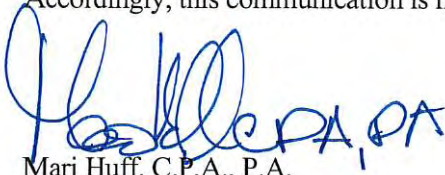
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the financial statements of the Foundation 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 Drug Abuse Foundation of Palm Beach County, Inc.'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 Drug Abuse Foundation of Palm Beach County, Inc.'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 9, 2019



# *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 AUDITORS' 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**

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

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

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, 2019. 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 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 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.

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

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, 2019.

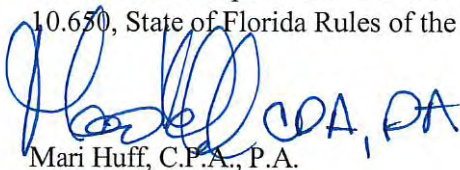
***Report on Internal Control over Compliance***

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, 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.

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 9, 2019