



**DRUG ABUSE FOUNDATION OF
PALM BEACH COUNTY, INC.
FINANCIAL STATEMENTS
June 30, 2021 and 2020**

Mari Huff C.P.A., P.A.
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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
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Valuators and Analysts

INDEPENDENT AUDITORS' 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, 2021, 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 and *Chapter 10.650 of the State of Florida Rules of the Auditor General*; 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, 2021 and 2020, and the changes in its net assets and its cash flows for the year ended June 30, 2021 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 financial statements as of and for the year ended June 30, 2020, and we expressed an unmodified opinion on those financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 include (Schedule of Expenditures of Federal Awards and State Financial Assistance, Schedule of Revenues by Cost Center, Schedule of Expenses by Cost Center, and Schedule of Related Party Transactions Adjustments)) 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 November 5, 2021, 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 CPA, PA

Mari Huff, C.P.A., P.A.
Stuart, Florida
November 5, 2021

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Statement of Financial Position

As of June 30, 2021 and June 30, 2020

	Totals	
	2021	2020
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,768,093	\$ 2,616,502
Grants and contracts receivable	1,301,717	1,121,280
Inventory	99,649	102,910
Prepaid expenses	62,360	91,111
Total current assets	<u>3,231,819</u>	<u>3,931,803</u>
Property and equipment, net	<u>3,508,490</u>	<u>2,388,682</u>
Other assets:		
Deposits	<u>16,930</u>	<u>16,730</u>
Total other assets	<u>16,930</u>	<u>16,730</u>
Total assets	<u>\$ 6,757,239</u>	<u>\$ 6,337,215</u>
Liabilities and net assets:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 103,948	\$ 110,829
Accrued expenses	480,939	392,740
Mortgage payable, current portion (less unamortized debt issuance costs)	<u>74,193</u>	<u>52,586</u>
Total current liabilities	<u>659,080</u>	<u>556,155</u>
Mortgage payable, long-term portion (less unamortized debt issuance costs)	2,816,325	2,907,566
SBA payroll protection plan	<u>1,464,457</u>	<u>1,464,457</u>
Total liabilities	<u>4,939,862</u>	<u>4,928,178</u>
Net assets:		
Without donor restrictions	1,817,379	1,323,111
With donor restrictions	-	85,928
Total net assets	<u>1,817,379</u>	<u>1,409,039</u>
Total liabilities and net assets	<u>\$ 6,757,239</u>	<u>\$ 6,337,215</u>

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, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Support, revenues, and gains:				
Public support				
Federal and state ADM grants				
Substance abuse	\$ 6,605,593	\$ -	\$ 6,605,593	\$ 6,532,105
Ounce of Prevention	114,730	-	114,730	165,571
US Dept. of Probation	113,410	-	113,410	86,260
Palm Beach County	1,308,687	-	1,308,687	1,317,313
Contributions and donations	150,590	-	150,590	173,697
In-kind contributions	106,493	-	106,493	220,800
Total public support	<u>8,399,503</u>	<u>-</u>	<u>8,399,503</u>	<u>8,495,746</u>
Other revenues:				
Client fees	4,458	-	4,458	23,568
Food stamps	16,501	-	16,501	45,519
State and local service revenue	1,097,353	-	1,097,353	962,667
Other revenues	420	-	420	10,778
Investment income	1,855	-	1,855	2,222
Rental income	14,780	-	14,780	20,950
Total other revenues	<u>1,135,367</u>	<u>-</u>	<u>1,135,367</u>	<u>1,065,704</u>
Net assets released from donor restrictions:				
Restrictions satisfied by completion of expansion project	85,928	(85,928)	-	-
Total support, revenues, and gains	<u>9,620,798</u>	<u>(85,928)</u>	<u>9,534,870</u>	<u>9,561,450</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, 2021**(With Comparative Totals for the Year Ended June 30, 2020)*

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Functional expenses:				
Program services:				
Adult substance program	\$ 7,654,100	\$ -	\$ 7,654,100	\$ 8,617,052
Total program services	<u>7,654,100</u>	<u>-</u>	<u>7,654,100</u>	<u>8,617,052</u>
Support services:				
Administration	1,427,176	-	1,427,176	1,290,912
Rental expense	<u>45,254</u>	<u>-</u>	<u>45,254</u>	<u>51,828</u>
Total support services	<u>1,472,430</u>	<u>-</u>	<u>1,472,430</u>	<u>1,342,740</u>
Total functional expenses	<u>9,126,530</u>	<u>-</u>	<u>9,126,530</u>	<u>9,959,792</u>
Change in net assets	494,268	(85,928)	408,340	(398,342)
Net assets, beginning of year	<u>1,323,111</u>	<u>85,928</u>	<u>1,409,039</u>	<u>1,807,381</u>
Net assets, end of year	<u>\$ 1,817,379</u>	<u>\$ -</u>	<u>\$ 1,817,379</u>	<u>\$ 1,409,039</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, 2021**(With Comparative Totals for the Year Ended June 30, 2020)*

	PROGRAM SERVICES	SUPPORT SERVICES		TOTALS	
		Administration	Auditorium Rentals	2021	2020
Personnel expenses:					
Salaries	\$ 4,492,217	\$ 787,492	\$ -	\$ 5,279,709	\$ 5,688,558
Benefits and taxes	791,876	147,647	-	939,523	1,075,391
Total personnel expenses	5,284,093	935,139	-	6,219,232	6,763,949
Operating expenses:					
Building occupancy	405,265	13,836	23,255	442,356	571,372
Professional services	168,282	93,984	-	262,266	608,580
Travel	31,713	-	-	31,713	37,592
Equipment	2,004	51	-	2,055	2,423
Food services	240,855	-	-	240,855	326,407
Medical & pharmacy	574,579	-	-	574,579	538,187
Insurance	155,634	21,409	-	177,043	150,431
Interest	-	126,623	-	126,623	111,007
Operating supplies & expenses	163,495	13,387	-	176,882	140,410
Other	178,437	219,854	-	398,291	183,162
In-kind donations	106,493	-	-	106,493	220,800
Total operating expenses	2,026,757	489,144	23,255	2,539,156	2,890,370
Depreciation	343,250	2,893	21,999	368,142	305,472
Total expenses	\$ 7,654,100	\$ 1,427,176	\$ 45,254	\$ 9,126,530	\$ 9,959,791

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, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	Without donor restrictions	With donor restrictions	Totals	
			2021	2020
Cash flows provided by / (used in) operating activities:				
Receipts from public and private support, net of amounts restricted for long-term purposes	\$ 9,418,848	\$ (85,928)	\$ 9,332,920	\$ 9,249,854
Receipts from fees charged to clients	4,458	-	4,458	23,568
Payments to suppliers and employees	(8,581,305)	-	(8,581,305)	(9,363,024)
Rents received	14,780	-	14,780	20,950
Other cash received	420	-	420	10,778
Interest received	1,855	-	1,855	2,222
Interest paid	(126,623)	-	(126,623)	(111,007)
Net cash provided by / (used in) operating activities	732,433	(85,928)	646,505	(166,659)
Cash flows used in investing activities:				
Capital expenditures	(1,425,280)	-	(1,425,280)	(428,626)
Net cash used in investing activities	(1,425,280)	-	(1,425,280)	(428,626)
Cash flows (used in) / provided by financing activities:				
Principal payments under note payable	(69,634)	-	(69,634)	(54,333)
Proceeds from loan refinance	-	-	-	1,152,578
SBA PPP funding	-	-	-	1,464,457
Net cash (used in) / provided by financing activities	(69,634)	-	(69,634)	2,562,702
Net change in cash and cash equivalents	(762,481)	(85,928)	(848,409)	1,967,417
Cash and cash equivalents, beginning of year	2,530,574	85,928	2,616,502	649,085
Cash and cash equivalents, end of year	\$ 1,768,093	\$ -	\$ 1,768,093	\$ 2,616,502
Reconciliation of change in net assets to net cash provided by / (used in) operating activities:				
Change in net assets	\$ 494,268	\$ (85,928)	\$ 408,340	\$ (398,342)
Adjustments to reconcile change in net assets to net cash provided by / (used in) operating activities				
Amortization	-	-	-	931
Depreciation expense	305,472	-	305,472	305,472
Change in:				
Grants and contracts receivable	(180,437)	-	(180,437)	(4,713)
Inventory	3,261	-	3,261	17,476
Prepaid expenses	28,751	-	28,751	19,474
Deposits	(200)	-	(200)	-
Accounts payable	(6,881)	-	(6,881)	(103,606)
Accrued expenses	88,199	-	88,199	(3,350)
Net cash provided by / (used in) operating activities	\$ 732,433	\$ (85,928)	\$ 646,505	\$ (166,658)

See independent auditors' report and notes to financial statements

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

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.

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.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 years ended June 30, 2021 and 2020.

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, 2021 and 2020, total inventory was \$99,649 and \$102,910, respectively.

Property and Equipment

The Foundation capitalizes property and equipment in excess of \$1,000 with a useful life of one year or more, 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. 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.

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 years ended June 30, 2021 and 2020 were \$351,055 and \$248,582, respectively and included related accrued payroll expenses.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Issuance Costs

Unamortized debt issuance costs of \$13,526 are presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability. The original amount of debt issuance cost recognized in September 2014 was \$27,897 and is being amortized as interest expense using the effective interest method. The costs are being amortized over the term of the underlying debt of ten years (see Note 7 below). Accumulated amortization amounted to \$14,371 at June 30, 2021. Amortization expense included in interest for the years ended June 30, 2021 and 2020 was \$2,872 and \$3,037, respectively.

Donated Rent

The Palm Beach County Sheriff's Office provides the Foundation donated space in Belle Glade, Florida, valued at \$100,000 per year, that the Foundation uses as a correctional facility. Management has determined the above valuation based upon the fair rental value of comparable space and facilities in privately-owned structures in the same area. The above amount is 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 years ended June 30, 2021 and 2020, the Foundation had no taxable income, and therefore no income tax expense.

Uncertain Tax Positions

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2019, 2020 and 2021 are subject to examination by IRS, generally for three years after they were filed. None of the Foundation's returns for years prior to 2019 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.

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.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 those 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 been 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.

New Accounting Guidance Implementation (FASB ASC 606)

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance."

The Foundation adopted the requirements of the new guidance as of July 1, 2020, utilizing the modified retrospective method of transition. Adoption of the new guidance did not result in changes to the Foundation accounting policies for revenue and cost recognition, previously described.

Implementation of ASU 2016-10 did not require reclassification or restatement of any opening balances related to the period presented.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 325,000	325,000
Building and improvements	6,787,500	5,446,200
Furniture and equipment	1,463,013	1,316,364
Vehicles	104,766	104,766
Total	<u>8,680,279</u>	<u>7,192,330</u>
Less: accumulated depreciation	<u>5,171,789</u>	<u>4,803,648</u>
Net	<u>\$ 3,508,490</u>	<u>\$ 2,388,682</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$368,142 and \$305,472, respectively. 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 may 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:

	<u>6/30/2021</u>	<u>6/30/2020</u>
Financial assets:		
Cash and cash equivalents	\$ 1,768,093	\$ 2,616,502
Less donor restricted cash	-	(85,928)
Liquidity resources:		
Bank line of credit	250,000	250,000
Total financial assets available within one year	<u>\$ 2,018,093</u>	<u>\$ 2,780,574</u>

NOTE 5: RENTAL INCOME

The Foundation rents its auditorium to various lessees on an as needed basis. Total rental revenues were \$14,780 and \$20,950 and total rental expenses were \$45,254 and \$51,828 for the years ended June 30, 2021 and 2020, respectively.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

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 at June 30, 2021 or June 30, 2020, and no interest expense was incurred under this line for the year ended June 30, 2021 or for the year ended June 30, 2020. This line was renewed for a one-year term on February 26, 2021.

NOTE 7: MORTGAGE PAYABLE

In February 2020, the Foundation refinanced its existing mortgage with TD Bank. The amount borrowed under the promissory note was \$3,000,000, with a net cash payment to the Foundation in the amount of \$1,182,000 to allow the Foundation to access some of its real estate equity to address major delayed maintenance items. The note established a ten-year term at a rate of 4.25% with a twenty-five year amortization schedule. 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, 2021, shown net of debt unamortized debt issuance costs, are as follows:

2022	\$ 74,193
2023	77,408
2024	84,263
2025	87,915
Thereafter	<u>2,566,739</u>
	<u>\$2,890,518</u>

NOTE 8: LEASE COMMITMENTS

Commercial real estate leases

The Foundation initially entered into a sixty-one-month, non-cancellable, triple net lease in West Palm Beach dated November 4, 2015. The lease was extended for three years commencing on January 1, 2021 and shall expire on December 31, 2023. The lease calls for monthly rent payments of \$3,179 per month, plus applicable sales taxes. Monthly rent payments will increase to \$3,297 per month, plus applicable sales taxes for the second year, and \$3,415 per month, plus applicable sales taxes for the third year. As a triple net lease, the Foundation is also responsible for taxes, insurance, and operating expenses. Total rent expense under this lease for the years ended June 30, 2021 and 2020 was \$59,763 and \$51,024, respectively.

In March 2015, the Foundation entered into a three-year lease for office space in Belle Glade, Florida. In April of 2019, the Foundation renewed its office lease for three years, beginning May 1, 2019 and expiring May 1, 2022. The Foundation also has the option to renew the lease at the end of the term for two more three-year periods. The lease requires monthly rent payments of \$1,783 plus applicable sales taxes. All subsequent rental amounts automatically increase by 3%. It further requires the Foundation to purchase and maintain liability insurance at prescribed levels throughout the term of the lease.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 8: LEASE COMMITMENTS (continued)

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 years ended June 30, 2021 and 2020, rental expense totaled \$22,032 and \$26,427, respectively.

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 \$101,830 and \$100,528 for the years ended June 30, 2021 and 2020, respectively.

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, ending on June 30, 2019, and extended again until June 30, 2022.

For the period July 1, 2020 and through June 30, 2022, the revised contract authorizes funds totaling \$12,872,804 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, 2021, the reimbursable services under these contracts were as follows:

Total expenditures	\$	9,126,530
Less other state and federal funds		(114,730)
Less non-match SAMH funds		(2,396,654)
Less: unallowable costs per 65E-14, F.A.C.		
Rental costs	(45,254)	
Interest expense allocated to admin expense	(126,623)	(226,206)
Total allowable expenditures	\$	<u>6,388,940</u>
Maximum available earnings	\$	4,791,705
Amount of state funds requiring match		<u>4,208,938</u>
Amount of overmatch	\$	<u>582,767</u>

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

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.

NOTE 12: CONCENTRATIONS

Major Funders

Major funders who have provided greater than 10% of total revenues for the years ended June 30, 2021 and 2020 are as follows:

	2021		2020	
	Revenue	Receivable	Revenue	Receivable
Southeast Florida Behavioral Health	\$ 6,605,593	\$ 880,645	\$ 6,532,105	\$ 718,417
Palm Beach County Community Services	1,308,687	233,919	1,317,313	238,686
Total	<u>\$ 7,914,280</u>	<u>\$ 1,114,564</u>	<u>\$ 7,849,418</u>	<u>\$ 957,103</u>

The Foundation received approximately 90-95% of its revenue from the above funders for each of the fiscal years ended June 30, 2021 and 2020.

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 \$1,190,000 in uninsured funds as of June 30, 2021 of which approximately \$623,000 was at TD Bank and approximately \$567,000 was at SunTrust Bank .

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 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 for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Drug Court	\$ 49,283	69,242
Department of Corrections	300,805	365,071
FADA	511,234	390,803
PBSO Trust Fund	135,000	135,000
Other	101,031	2,551
Total	<u>\$1,097,353</u>	<u>\$ 962,667</u>

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 contract, 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 Contracts, Local 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-Detox	Substance Abuse	\$ 250	4,028	2,670	8,030	\$ 1,006,963	\$ 2,007,500	\$ -

NOTE 15: PAYROLL PROTECTION PLAN FUNDS

The Organization was awarded funds in the amount of \$1,464,457 from the Small Business Administration (SBA) pursuant to the Payroll Protection Program (PPP) as enacted by the CARES Act of 2020. The loan origination date was April 17, 2020 and, under the possible terms of the PPP, the Organization may receive forgiveness of this loan if it spends the funds in accordance with the SBA forgiveness provisions.

One of the forgiveness provisions provides that at least 60% of the PPP funds must be spent on allowable payroll related costs during the approved period following the loan origination date and no more than 40% of the PPP funds may be spent on allowable overhead costs as provided for by the CARES Act and the SBA PPP provisions. It is uncertain at this time if this loan will be fully or partially forgiven. If not forgiven, payments are deferred for six months following the loan origination date and the interest rate is stated at 1% per annum and will be accrued during the deferred payment period.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 16: UNCERTAINTIES, CONTINGENCIES, AND RISKS (continued)

COVID-19 Related Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple entities. While the disruption is currently expected to be temporary, there is still considerable uncertainty around the duration of the closings. The Organization expects this matter to negatively impact its operating results in the upcoming year. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 17: EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 5, 2021, the date the financial statements were available to be issued.

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, 2021

Federal Grantor/Pass-through Grantor/Program	Contract Number	CFDA Number	CSFA Number	Amount
Federal Awards:				
U.S. Department of Health and Human Services				
Pass-through:				
Florida Department of Children and Families				
Southeast Florida Behavioral Health Network, Inc.				
Coronavirus Relief Fund	PDA48-15-4	21.019		\$ 75,000
Prevention and Treatment of Substance Abuse	PDA48-15-4	93.959	-	2,791,744
Temporary Assistance for Needy Families	PDA48-15-4	93.558	-	113,918
State Targeted Response to the Opioid Crisis	PDA48-15-4	93.788	-	7,799
Total Florida Department of Children and Families				<u>2,988,461</u>
Total Expenditures of Federal Awards				<u>\$ 2,988,461</u>
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	-	93-959	\$ 3,617,132
Florida Department of Health:				
Pass through:				
The Ounce of Prevention Fund of Florida	18-19-167	-	64.035	114,730
Total Expenditures of State Financial Assistance				<u>\$ 3,731,862</u>

NOTE: A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards and State Financial Assistance, presented above, 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, 2021. 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 Schedule, presented above, 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 minimis 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 REVENUES BY COST CENTER
FOR THE YEAR ENDED June 30, 2021

FUNDING SOURCES & REVENUES	Residential Level 2	Residential PPW Level 2	Residential Level 4	Assessment	Incidental	Care Coordination	Intervention Case Management	Crisis Services	Medical Psych	Community Prevention	Outpatient	Detox	HIV	Vouchers	Total for Program 1 (B _{1a} +...+B _{1j})	Total for State SAMH-Funded Covered Services (C ₁ +...+C ₂)	Total for Non-State-Funded Covered Services	Total for All Covered Services (D+E)	Non-SAMH Covered Services	Auditorium Rental Income	Total Funding (F+G)
A	B _{1a}	B _{1b}	B _{1c}	B _{1c}	B _{1d}	B _{1e}	B _{1e}	B _{1f}	B _{1g}	B _{1h}	B _{1i}	B _{1j}	B _{1k}	B _{1l}	C ₁	D	E	F	G	G	H
IA. STATE SAMH FUNDING																					
(1) SEFBHN - ME - Substance	\$ 1970,216	\$ -	\$ 64,285	\$ 217,591	\$ 30,899	\$ 14,100	\$ 322,812	\$ 734,896	\$ 365,361	\$ -	\$ 882,289	\$ 1,006,964	\$ 69,471	\$ 4,038	\$ 5,819,822	\$ 5,819,822	\$ -	\$ 5,819,822	XXXXXXXXXX	XXXXXXXXXX	\$ 5,819,822
(2) SEFBHN - ME - TANF	106,575	-	-	-	-	-	2,328	-	-	-	5,016	-	-	-	113,918	113,918	-	113,918	XXXXXXXXXX	XXXXXXXXXX	113,918
(3) SEFBHN - ME - PPW Special Funding	-	671,853	-	-	-	-	-	-	-	-	-	-	-	-	671,853	671,853	-	671,853	XXXXXXXXXX	XXXXXXXXXX	671,853
(4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	XXXXXXXXXX	XXXXXXXXXX	-
(5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	XXXXXXXXXX	XXXXXXXXXX	-
(6) From Other Districts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	XXXXXXXXXX	XXXXXXXXXX	-
TOTAL STATE SAMH FUNDING =	2,076,791	671,853	64,285	217,591	30,899	14,100	325,140	734,896	365,361	-	887,304	1,006,964	69,471	4,038	6,605,593	6,605,593	-	6,605,593	XXXXXXXXXX	XXXXXXXXXX	6,605,593
IB. OTHER GOVT. FUNDING																					
(1) Other State Agency Funding	272,314	-	17,097	48,712	-	-	-	79,247	74,569	27,000	100,000	140,852	26,425	-	876,217	876,217	-	876,217	-	-	876,217
(2) Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Local Government	450,510	44,108	63,024	22,754	-	-	-	66,244	20,405	165,000	61,452	500,486	67,597	-	1,431,580	1,431,580	-	1,431,580	-	-	1,431,580
(4) Federal Grants and Contracts	103,077	-	5,292	10,750	-	-	-	16,042	27,861	2,000	23,793	51,709	5,051	-	245,575	245,575	-	245,575	-	-	245,575
(5) In-kind from local govt. only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOT. OTHER GOVT. FUNDING =	825,901	44,108	175,413	82,216	-	-	-	161,533	122,835	164,000	185,245	693,047	99,074	-	2,553,371	2,553,371	-	2,553,371	-	-	2,553,371
IC. ALL OTHER REVENUES																					
(1) 1st & 2nd Party Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) 3rd Party Payments (except Medicare)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Medicare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Contributions and Donations	62,962	37,273	12,529	13,305	-	-	-	17,541	11,529	9,516	22,577	43,600	20,024	-	250,858	250,858	-	250,858	-	-	250,858
(5) Other	694	-	337	404	-	-	-	471	-	2,538	875	-	144	-	6,733	6,733	-	6,733	-	4,780	21513
(6) In-kind	36,598	-	5,325	-	-	-	-	7,455	-	12,195	10,884	11,104	9,974	-	103,535	103,535	-	103,535	-	-	103,535
TOT. ALL OTHER REVENUES =	100,254	37,273	18,191	13,709	-	-	-	25,467	11,529	24,251	34,336	54,704	41,412	-	361,126	361,126	-	361,126	-	4,780	375,906
TOTAL FUNDING =	\$ 3,002,946	\$ 753,233	\$ 257,889	\$ 319,516	\$ 30,899	\$ 14,100	\$ 325,140	\$ 921,696	\$ 499,725	\$ 168,251	\$ 1,106,885	\$ 1,754,714	\$ 209,957	\$ 4,038	\$ 9,520,090	\$ 9,520,090	\$ -	\$ 9,520,090	\$ -	\$ 4,780	\$ 9,534,870

See independent auditors' report

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.
SCHEDULE OF EXPENSES BY COST CENTER
FOR THE YEAR ENDED June 30, 2021

EXPENSE CATEGORIES	Residential Level 2	Residential PPW Level 2	Residential Level 4	Assessment	Incidental	Care Coordination	Intervention Case Management	Crisis Services	Medical Psych	Community Prevention	Outpatient	Detox	HIV	Vouchers	Program 1 Total (B _{1a} +...+B _{1k})	Total for State SAMH-Funded Covered Services (C ₁ +...+C ₂)	Total for Non-State-Funded Covered Services	Total for All Covered Services (D+E)	Non-SAMH Covered Services	Auditorium Rental Expenses	Other Support Costs (optional)	Administration	Total Expenses (F+G+H+I+J)
A	B _{1a}	B _{1b}	B _{1c}	B _{1d}	B _{1e}	B _{1f}	B _{1g}	B _{1h}	B _{1i}	B _{1j}	B _{1k}	B _{1l}	B _{1m}	B _{1n}	C ₁	D	E	F	G	G	H	I	J
IIA. PERSONNEL EXPENSES																							
(1) Salaries	\$ 1569,317	\$ 316,926	\$ 77,335	\$ 89,054	\$ -	\$ 87,274	\$ 109,464	\$ 64,181	\$ 207,594	\$ 64,011	\$ 649,481	\$ 600,238	\$ 79,710	\$ -	\$ 4,492,217	\$ 4,492,217	\$ -	\$ 4,492,217	\$ -	\$ -	\$ -	\$ 787,492	\$ 5,279,709
(2) Fringe Benefits	258,600	66,555	37,433	36,409	-	3,434	3,847	57,901	42,012	24,345	66,504	136,202	30,634	-	791,876	791,876	-	791,876	-	-	-	47,647	939,523
TOTAL PERSONNEL EXPENSES =	1,827,917	383,481	114,768	125,463	-	90,708	113,311	699,714	249,606	88,356	715,985	736,440	110,344	-	5,284,093	5,284,093	-	5,284,093	-	-	-	935,139	6,219,232
IIIB. OTHER EXPENSES																							
(1) Building Occupancy	124,499	38,595	22,538	31,185	-	2,490	11,311	32,592	26,926	5,164	97,851	114,473	4,135	-	511,759	511,759	-	511,759	-	23,255	-	13,836	548,849
(2) Professional Services	3,145	975	715	871	-	189	543	1,027	737	124	1,855	157,526	575	-	168,282	168,282	-	168,282	-	-	-	93,984	262,266
(3) Travel	4,238	134	131	1,969	-	254	4,969	2,298	1,641	328	4,924	8,465	-	-	31,713	31,713	-	31,713	-	-	-	-	31,713
(4) Equipment	389	121	90	120	-	23	94	279	10	64	231	408	75	-	2,004	2,004	-	2,004	-	-	-	51	2,055
(5) Food Services	128,532	39,845	12,549	-	-	-	-	9,712	-	-	-	50,217	-	-	240,855	240,855	-	240,855	-	-	-	-	240,855
(6) Medical and Pharmacy	295,969	91,750	14,298	-	30,899	10,266	6,844	-	-	-	-	124,553	-	-	574,579	574,579	-	574,579	-	-	-	-	574,579
(7) Subcontracted Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(8) Insurance	35,816	11,103	8,042	9,339	-	2,149	8,040	11,499	8,385	3,652	18,418	33,268	5,923	-	155,634	155,634	-	155,634	-	-	-	21,409	177,043
(9) Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	126,623
(10) Operating Supplies & Expenses	36,615	11,351	7,278	9,709	-	1,465	7,644	13,763	11,936	4,595	18,643	34,422	6,074	-	163,495	163,495	-	163,495	-	-	-	13,387	176,882
(11) Other	32,310	1,451	2,884	10,589	-	2,002	7,086	12,583	9,072	2,856	68,409	35,029	6,719	11,038	205,028	205,028	-	205,028	-	21,999	-	222,747	449,774
(12) Donated Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(13) Nurses- Agency	-	-	-	-	-	-	-	39,582	79,165	-	-	19,912	-	-	316,659	316,659	-	316,659	-	-	-	-	316,659
TOTAL OTHER EXPENSES =	661,513	196,505	69,707	63,782	30,899	18,838	56,243	113,623	137,972	16,783	210,331	756,272	23,501	11,038	2,370,008	2,370,008	-	2,370,008	-	45,253	-	492,037	2,907,298
TOT. PERSONNEL & OTH. EXP. =	2,489,430	579,986	184,475	189,245	30,899	109,546	171,554	813,337	387,578	105,139	926,315	1,492,712	133,845	11,038	7,654,101	7,654,101	-	7,654,101	-	45,253	-	1,427,176	9,026,530
IIIC. DISTRIBUTED INDIRECT COSTS																							
(a) Other Support Costs (Optional)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b) Administration	496,604	163,947	70,943	85,132	-	29,796	42,566	99,321	70,943	70,943	111,887	241,207	56,755	-	1,560,044	1,560,044	-	1,560,044	-	-	-	(1,560,044)	-
TOT. DISTR'D INDIRECT COSTS =	496,604	163,947	70,943	85,132	-	29,796	42,566	99,321	70,943	70,943	111,887	241,207	56,755	-	1,560,044	1,560,044	-	1,560,044	-	-	-	(1,560,044)	-
TOTAL ACTUAL OPER. EXPENSES =	2,986,034	733,933	255,418	274,377	30,899	139,342	214,120	912,658	458,521	176,082	1,038,202	1,733,919	190,600	11,038	9,214,144	9,214,145	-	9,214,145	-	45,253	-	(12,868)	9,126,530
IIID. UNALLOWABLE COSTS																							
TOT. ALLOWABLE OPER. EXP. =	2,986,034	733,933	255,418	274,377	30,899	139,342	214,120	912,658	458,521	176,082	1,038,202	1,733,919	190,600	11,038	9,214,144	9,214,144	-	9,214,145	-	45,253	-	-	9,126,530
IIIE. CAPITAL EXPENDITURES																							
Revenues Less Expenses (Control Totals)	16,912	1,300	2,470	39,139	-	1,658	85,020	9,238	4,1204	1,169	38,683	20,795	1,356	(0)	305,946	305,945	-	305,945	-	(30,473)	-	-	275,472
Depreciation (Control Totals)	165,785	17,555	20,577	8,184	-	11,405	3,783	8,074	5,767	11,253	28,239	55,036	4,614	-	343,250	-	-	-	-	21,999	-	2,893	368,141
SEFBHN Revenue Control	\$ 2,076,791	\$ 671,853	\$ 64,285	\$ 217,591	\$ 30,899	\$ 11,000	\$ 325,140	\$ 734,896	\$ 365,361	\$ -	\$ 887,304	\$ 1,006,964	\$ 69,471	\$ 11,038	\$ 6,605,593	\$ 6,605,593	\$ -	\$ 6,605,593	\$ -	\$ -	\$ -	\$ -	\$ -

See independent 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, 2021

	Residential Level 2	Residential Level 4	Assessment	Incidental	Care Coordination	Intervention Case Management	Crisis Services	Medical Psych	Outpatient	Detox	HIV	Vouchers	Total
Revenues from Grantee:													
DCF/SEFBHN funding	\$ 2,748,644	\$ 64,285	\$ 217,591	\$ 30,899	\$ 141,000	\$ 325,140	\$ 734,896	\$ 365,361	\$ 887,304	\$ 1,006,964	\$ 69,471	\$ 14,038	\$ 6,605,593
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue from Grantee	2,748,644	64,285	217,591	30,899	141,000	325,140	734,896	365,361	887,304	1,006,964	69,471	14,038	6,605,593
Expenses Associated with Grantee													
Transactions:													
Legal services	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Associated Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount allowable (necessary operating expenses in arms-length transaction)													
Related Party Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditor's 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, 2021

SUMMARY OF AUDITORS' 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 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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2021.

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.

Compliance and Other Matters (continued)

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 CPA, PA

Mari Huff, C.P.A., P.A.
Stuart, Florida
November 5, 2021



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

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
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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, 2021. 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, 2021.

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 CPA, PA

Mari Huff, C.P.A., P.A.
Stuart, Florida
November 5, 2021