



**DRUG ABUSE FOUNDATION OF
PALM BEACH COUNTY, INC.
FINANCIAL STATEMENTS
June 30, 2022 and 2021**

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

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.
TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT..... 1

FINANCIAL STATEMENTS:

Statements of Financial Position..... 4

Statement of Activities..... 5

Statement of Functional Expenses..... 7

Statement of Cash Flows..... 8

Notes to Financial Statements..... 9

SUPPLEMENTARY SCHEDULES:

Schedule of Expenditures of Federal Awards and State Financial Assistance..... 20

Schedule of Revenues by Cost Center..... 21

Schedule of Expenses by Cost Center..... 22

Schedule of Related Party Transaction Adjustments..... 23

REQUIRED REPORTS:

Schedule of Findings and Questioned Costs - Federal Awards and State Financial Assistance 25

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS 26

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR
GENERAL, STATE OF FLORIDA 28



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

CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
American Institute of Certified
Public Accountants

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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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Drug Abuse Foundation of Palm, Beach County, Inc. (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Drug Abuse Foundation of Palm, Beach County, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year ended June 30, 2022 in accordance with accounting principles generally accepted in the United States of America and *Chapter 10.650 of the Florida Rules of the Auditor General*.

Basis for Opinion

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 Florida Rules of the Auditor General*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Drug Abuse Foundation of Palm, Beach County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and *Chapter 10.650 of the Florida Rules of the Auditor General*, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Drug Abuse Foundation of Palm, Beach County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and *Chapter 10.650 of the Florida Rules of the Auditor General* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* and *Chapter 10.650 of the Florida Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Drug Abuse Foundation of Palm, Beach County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Drug Abuse Foundation of Palm, Beach County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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 Transaction 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* 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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, 2021, and we expressed an unmodified opinion on those financial statements in our report dated November 5, 2021. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2023, 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 solely 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 effectiveness of Drug Abuse Foundation of Palm, Beach County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Drug Abuse Foundation of Palm, Beach County, Inc.'s internal control over financial reporting and compliance.

Other Reporting Required by *Uniform Guidance and Chapter 10.650, rules of the Auditor General, State of Florida*

In accordance with *Uniform Guidance and Chapter 10.650, rules of the Auditor General, State of Florida*, we have also issued our report dated January 20, 2023, 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 each major federal program and state financial assistance.

The purpose of that report is solely 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 effectiveness of Drug Abuse Foundation of Palm, Beach County, Inc.'s internal control over financial reporting or on compliance with the *Uniform Guidance and Chapter 10.650 of the Florida Rules of the Auditor General*. That report is an integral part of an audit performed in accordance with *Uniform Guidance and Chapter 10.650, rules of the Auditor General, State of Florida* in considering Drug Abuse Foundation of Palm, Beach County, Inc.'s internal control over financial reporting and compliance with each major federal program and state project.

MARI HUFF CPA, PA

Mari Huff, C.P.A., P.A.
Stuart, Florida
January 20, 2023

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Statement of Financial Position

As of June 30, 2022 and June 30, 2021

	Totals	
	2022	2021
Assets:		
Current assets:		
Cash and cash equivalents	\$ 921,985	\$ 1,768,093
Investments - certificate of deposits	498,000	-
Grants and contracts receivable	1,106,512	1,301,717
Inventory	104,343	99,649
Prepaid expenses	136,622	62,360
Total current assets	<u>2,767,462</u>	<u>3,231,819</u>
Property and equipment, net	<u>3,843,467</u>	<u>3,508,490</u>
Other assets:		
Deposits	<u>16,930</u>	<u>16,930</u>
Total other assets	<u>16,930</u>	<u>16,930</u>
Total assets	<u>\$ 6,627,859</u>	<u>\$ 6,757,239</u>
Liabilities and net assets:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 228,779	\$ 103,948
Accrued expenses	460,424	480,937
Mortgage payable, current portion (less unamortized debt issuance costs)	<u>74,551</u>	<u>74,193</u>
Total current liabilities	<u>763,754</u>	<u>659,078</u>
Mortgage payable, long-term portion (less unamortized debt issuance costs)	2,752,969	2,816,325
SBA payroll protection plan	-	1,464,457
Total liabilities	<u>3,516,723</u>	<u>4,939,860</u>
Net assets:		
Without donor restrictions	<u>3,111,136</u>	<u>1,817,379</u>
Total net assets	<u>3,111,136</u>	<u>1,817,379</u>
Total liabilities and net assets	<u>\$ 6,627,859</u>	<u>\$ 6,757,239</u>

See independent auditor's report and notes to financial statements

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Statement of Activities

For the Year Ended June 30, 2022

(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Support, revenues, and gains:				
Public support				
Federal and state ADM grants				
Substance abuse	\$ 6,015,075	\$ -	\$ 6,015,075	6,605,593
Ounce of Prevention	122,194	-	122,194	114,730
US Dept. of Probation	66,780	-	66,780	113,410
Payroll protection program	1,464,457	-	1,464,457	-
Palm Beach County	1,310,079	-	1,310,079	1,308,687
Contributions and donations	114,692	11,695	126,387	150,590
In-kind contributions	57,316	-	57,316	106,493
Total public support	<u>9,150,593</u>	<u>11,695</u>	<u>9,162,288</u>	<u>8,399,503</u>
Other revenues:				
Client fees	3,991	-	3,991	4,458
Food stamps	-	-	-	16,501
State and local service revenue	974,067	-	974,067	1,097,353
Other revenues	112,771	-	112,771	420
Investment income	713	-	713	1,855
Rental income	16,980	-	16,980	14,780
Total other revenues	<u>1,108,522</u>	<u>-</u>	<u>1,108,522</u>	<u>1,135,367</u>
Net assets released from donor restrictions:				
Restrictions satisfied by completion of expansion project	11,695	(11,695)	-	-
Total support, revenues, and gains	<u>10,270,810</u>	<u>-</u>	<u>10,270,810</u>	<u>9,534,870</u>

(continued on next page)

See independent auditor's report and notes to financial statements

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Statement of Activities (continued from previous page)

For the Year Ended June 30, 2022

(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Functional expenses:				
Program services:				
Adult substance program	\$ 7,769,595	\$ -	\$ 7,769,595	7,654,100
Total program services	<u>7,769,595</u>	<u>-</u>	<u>7,769,595</u>	<u>7,654,100</u>
Support services:				
Administration	1,165,214	-	1,165,214	1,427,176
Rental expense	<u>42,244</u>	<u>-</u>	<u>42,244</u>	<u>45,254</u>
Total support services	<u>1,207,458</u>	<u>-</u>	<u>1,207,458</u>	<u>1,472,430</u>
Total functional expenses	<u>8,977,053</u>	<u>-</u>	<u>8,977,053</u>	<u>9,126,530</u>
Total expenses	<u>8,977,053</u>	<u>-</u>	<u>8,977,053</u>	<u>9,126,530</u>
Change in net assets	1,293,757	-	1,293,757	408,340
Net assets, beginning of year	<u>1,817,379</u>	<u>-</u>	<u>1,817,379</u>	<u>1,409,039</u>
Net assets, end of year	<u>\$ 3,111,136</u>	<u>\$ -</u>	<u>\$ 3,111,136</u>	<u>1,817,379</u>

See independent auditor's report and notes to financial statements

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.*Statement of Functional Expenses**For the Year Ended June 30, 2022**(With Summarized Comparative Totals for the Year Ended June 30, 2021)*

	PROGRAM SERVICES	SUPPORT SERVICES		TOTALS	
		Administration	Auditorium Rentals	2022	2021
Personnel expenses:					
Salaries	\$ 3,756,126	\$ 806,522	\$ -	\$ 4,562,648	\$ 5,279,709
Benefits and taxes	740,869	143,963	-	884,832	939,523
Total personnel expenses	4,496,995	950,485	-	5,447,480	6,219,232
Operating expenses:					
Building occupancy	691,300	35,805	40,235	767,340	548,849
Professional services	72,569	6,046	-	78,615	262,266
Travel	44,914	-	-	44,914	31,713
Equipment	70,751	77	-	70,828	2,055
Food services	326,313	-	-	326,313	240,855
Medical & pharmacy	480,912	-	-	480,912	574,579
Insurance	185,549	24,905	-	210,454	177,043
Interest	133,260	-	-	133,260	126,623
Operating supplies & expenses	198,468	17,555	2,009	218,032	176,882
Other	135,189	130,341	-	265,530	398,291
Nurses-Agency	413,190	-	-	413,190	-
In-kind donations	57,316	-	-	57,316	-
Total operating expenses	2,809,731	214,729	42,244	3,066,704	2,539,156
Depreciation	462,869	-	-	462,869	368,142
Total expenses	\$ 7,769,595	\$ 1,165,214	\$ 42,244	\$ 8,977,053	\$ 9,126,530

See independent auditor's report and notes to financial statements

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Statement of Cash Flows

For the Year Ended June 30, 2022

(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	Without donor restrictions	With donor restrictions	Totals	
			2022	2021
Cash flows provided by operating activities:				
Receipts from public and private support, net of amounts restricted for long-term purposes	\$ 8,867,103	\$ -	\$ 8,867,103	\$ 9,332,920
Receipts from fees charged to clients	3,991	-	3,991	4,458
Payments to suppliers and employees	(8,355,562)	-	(8,355,562)	(8,518,635)
Rents received	16,980	-	16,980	14,780
Other cash received	112,771	-	112,771	420
Interest received	713	-	713	1,855
Interest paid	(\$123,735)	-	(123,735)	(126,623)
Net cash provided by operating activities	522,261	-	522,261	709,175
Cash flows used in investing activities:				
Purchase of certificates of deposit	(498,000)	-	(498,000)	-
Capital expenditures	(797,846)	-	(797,846)	(1,487,950)
Net cash used in investing activities	(1,295,846)	-	(1,295,846)	(1,487,950)
Cash flows used in financing activities:				
Principal payments under note payable	(72,523)	-	(72,523)	(69,634)
Net cash used in financing activities	(72,523)	-	(72,523)	(69,634)
Net change in cash and cash equivalents	(846,108)	-	(846,108)	(848,409)
Cash and cash equivalents, beginning of year	1,768,093	-	1,768,093	2,616,502
Cash and cash equivalents, end of year	\$ 921,985	\$ -	\$ 921,985	\$ 1,768,093
Reconciliation of change in net assets to net cash provided by operating activities:				
Change in net assets	\$ 1,293,757	\$ -	\$ 1,293,757	\$ 408,340
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Gain on forgiveness of payroll protection program funds	(1,464,457)	-	(1,464,457)	-
Debt issuance costs	9,525	-	9,525	-
Depreciation expense	462,869	-	462,869	368,142
Change in:				
Grants and contracts receivable	195,205	-	195,205	(180,437)
Inventory	(4,694)	-	(4,694)	3,261
Prepaid expenses	(74,262)	-	(74,262)	28,751
Deposits	-	-	-	(200)
Accounts payable	124,831	-	124,831	(6,881)
Accrued expenses	(20,513)	-	(20,513)	88,199
Net cash provided by operating activities	\$ 522,261	\$ -	\$ 522,261	709,175

See independent auditor's report and notes to financial statements

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021

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 from the purchase date 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, 2022 and 2021.

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, 2022 and 2021, total inventory was \$104,343 and \$99,649, respectively.

Property and Equipment

The Foundation capitalizes property and equipment in excess of \$5,000 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 at June 30, 2022 and 2021 were \$273,755 and \$351,055, respectively and included related accrued payroll expenses.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Issuance Costs

Unamortized debt issuance costs of \$4,001 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 costs recognized in September 2014 was \$27,897. In 2020 the Foundation refinanced the loan and remaining unamortized debt issuance costs are being amortized as interest expense using the effective interest method over the term of the new loan (see Note 8 below). Amortization expense included in interest for the years ended June 30, 2022 and 2021 was \$9,525 and \$2,872, respectively.

Donated Rent

The Palm Beach County Sheriff's Office provides the Foundation donated space in Belle Glade, Florida, valued at \$50,000 per year, that the Foundation uses as a correctional facility. Management has determined that this valuation is based upon the fair rental value of comparable space and facilities in privately-owned structures in the same area. This 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. Income taxes are due on net rental income. For the years ended June 30, 2022 and 2021, 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, 2020, 2021 and 2022 are subject to examination by IRS, generally for three years after they were filed. None of the Foundation's returns for years prior to 2020 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, 2022 and 2021

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.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2021 of the prior year, from which the summarized information was derived.

NOTE 3: INVESTMENTS

The following table summarizes the unrealized positions for held-to-maturity securities as of June 30, 2022. The Foundation held no investments as of June 30, 2021.

	Amortized	Allowance for	Net Carrying	Gross			Interest
Certificates of deposit	Cost	credit losses	Amount	unrealized	Fair value	Maturity date	rate
				Losses			
Goldman Sachs bank	\$ 249,000	\$ -	\$ 247,035	\$ (1,965)	\$ 247,035	12/8/2022	0.25%
Merrickbank	249,000	-	248,161	(839)	248,161	3/17/2023	1.91%
Total investments	<u>\$ 498,000</u>	<u>\$ -</u>	<u>\$ 495,196</u>	<u>\$ (2,804)</u>	<u>\$ 495,196</u>		

N

OTE 4: PROPERTY AND EQUIPMENT

Depreciation expense for the years ended June 30, 2022 and 2021 was \$462,871 and \$368,142, respectively. These amounts represent a combination of amounts charged to both functional expenses and expenses of rental income.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 4: PROPERTY AND EQUIPMENT (continued)

Property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 325,000	\$ 325,000
Building and improvements	6,900,102	6,787,500
Furniture and equipment	585,072	1,463,013
Vehicles	133,147	104,766
Total	<u>7,943,321</u>	<u>8,680,279</u>
Less: accumulated depreciation	<u>4,099,854</u>	<u>5,171,789</u>
Net	<u>\$ 3,843,467</u>	<u>\$ 3,508,490</u>

NOTE 5: 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>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 921,985	\$ 1,768,093
Matured investments	498,000	-
Liquidity resources:		
Bank line of credit	250,000	250,000
Total financial assets available within one year	<u>\$ 1,669,985</u>	<u>\$ 2,018,093</u>

NOTE 6: RENTAL INCOME

The Foundation rents its auditorium to various lessees on an as needed basis. Total rental revenues were \$16,980 and \$14,780 and total rental expenses were \$42,244 and \$45,254 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7: LINE OF CREDIT PAYABLE

The Foundation has an available line of credit with TD Bank, N.A that allows for borrowings up to \$250,000. The aggregate principal balance outstanding shall bear interest at 0.5% below the Wall Street Journal Prime Rate. However, interest is limited to a floor of 3.25%. There was no outstanding balance on this line at June 30, 2022 or June 30, 2021, and no interest expense was incurred under this line for the year ended June 30, 2022 or for the year ended June 30, 2021. This line was renewed for a one-year term on February 28, 2024.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 8: 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 a portion 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, 2022, shown net of unamortized debt issuance costs, are as follows:

2023	\$	74,551
2024		78,566
2025		82,458
2026		87,915
2027 and Thereafter		2,504,030
		<u>\$ 2,827,520</u>

NOTE 9: 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, 2022 and 2021 was \$53,941 and \$59,763, respectively.

In March 2015, the Foundation initially entered into a lease for office space in Belle Glade, Florida. In April of 2019, the Foundation renewed its office lease for three years expiring May 1, 2022. On May 1, 2022 the lease was renewed for an additional three years to April 30, 2025. The lease requires monthly rent payments of \$1,783 plus applicable sales taxes up to May 1, 2022 and subsequent payments of \$1,923. All subsequent rental amounts automatically increase by 2.6%. 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 Belle Glade lessor all furniture, goods, and chattels as security for rental obligations. The Foundation is generally granted a right of first refusal for periods subsequent to the expiration of the term. For the years ended June 30, 2022 and 2021, rental expense under this lease totaled \$22,597 and \$22,032, respectively.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 9: LEASE COMMITMENTS (continued)

Future minimum lease payments under operating leases as of June 30, 2022 are as follows:

2023	\$	34,270
2024		25,333
2025		25,992
2026 and Thereafter		-
	\$	<u>85,595</u>

NOTE 10: 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 the participant 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 \$101,997 and \$101,830 for the years ended June 30, 2022 and 2021, respectively.

NOTE 11: 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. 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, 2023.

For the period July 1, 2021 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, 2022, reimbursable services under these contracts were as follows:

Total expenditures	\$	8,977,053
Less other state and federal funds		(122,194)
Less non-match SAMH funds		(2,396,654)
Less: unallowable costs per 65E-14, F.A.C.		
Legal costs	(527)	
Rental costs	(76,537)	
Interest expense allocated to admin expense	(133,260)	(210,324)
Total allowable expenditures	\$	<u>6,247,881</u>
Maximum available earnings	\$	4,685,911
Amount of state funds requiring match		<u>3,728,239</u>
Amount of overmatch	\$	<u>957,672</u>

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 12: RELATED PARTY TRANSACTIONS

The Foundation’s Executive Director is also a Board Member of Southeast 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 13: CONCENTRATIONS

Major Funders

Major funders who have provided greater than 10% of total revenues for the years ended June 30, 2022 and 2021 are as follows:

	2022		2021	
	Revenue	Receivable	Revenue	Receivable
Southeast Florida Behavioral Health	\$ 6,015,075	\$ 634,607	\$ 6,605,593	\$ 880,645
Palm Beach County Community Services	1,310,079	235,715	1,308,687	233,919
Total	<u>\$ 7,325,154</u>	<u>\$ 870,322</u>	<u>\$ 7,914,280</u>	<u>\$ 1,114,564</u>

The Foundation received approximately 80-95% of its revenue from these funders for each of the fiscal years ended June 30, 2022 and 2021.

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 \$243,000 in uninsured funds as of June 30, 2022 of which approximately \$207,000 was at TD Bank and approximately \$36,000 was at Truist Bank.

NOTE 14: 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 programs.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 14: STATE AND LOCAL SERVICE REVENUES (continued)

These agencies and related service revenues received are summarized as follows for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Drug Court	\$ 79,745	\$ 49,283
Department of Corrections	283,685	300,805
FADA	475,637	511,234
PBSO Trust Fund	135,000	135,000
Other	-	101,031
Total	<u>\$ 974,067</u>	<u>\$ 1,097,353</u>

NOTE 15: 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 Detox	\$ 255	7,300	2,608	7,300	\$ 1,107,720	\$ 1,861,500	\$ -

NOTE 16: 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 terms of the PPP, the Organization received forgiveness of this loan on July 7, 2021. This loan debt forgiveness is recorded as income on the statement of activities for the year ended June 30, 2022. The Foundation does not expect to receive any other funds from the SBA pursuant to the PPP.

NOTE 17: UNCERTAINTIES, CONTINGENCIES, AND RISKS

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 there is still considerable uncertainty around COVID-19, 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.

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 18: EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 20, 2023, 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, 2022

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		\$ 142,567
Prevention and Treatment of Substance Abuse	PDA48-15-4	93.959	-	2,809,016
TANF Cluster:				
Temporary Assistance for Needy Families	PDA48-15-4	93.558	-	94,910
State Targeted Response to the Opioid Crisis	PDA48-15-4	93.788	-	1,265
Total Florida Department of Children and Families				<u>3,047,758</u>
Total Expenditures of Federal Awards				<u>\$ 3,047,758</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	-	60.034	\$ 2,884,884
Florida Department of Health:				
Pass through:				
The Ounce of Prevention Fund of Florida	18-19-167	-	64.035	82,433
Total Expenditures of State Financial Assistance				<u>\$ 2,967,317</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, 2022. 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 auditor's report

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.
SCHEDULE OF REVENUES BY COST CENTER
FOR THE YEAR ENDED June 30, 2022

FUNDING SOURCES & REVENUES	Residential Level 2	Residential Level 4	Assessment	Incidental	Care Coordination	Case Management	Crisis Services	Medical Psych	Community Prevention	Outpatient individual	Outpatient Group	Detox	HIV-interventio	Other Bundled Project	RMB	Operating Reserves	Total for Program 1	Total for State SAMH-Funded Covered Services	Total for Non-State-Funded Covered Services	Total for All Covered Services	Non-SAMH Covered Services	Auditorium Rental Income	Total Funding
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}	B _{1o}	C ₁	D	E	F	G	G	H	
IA. STATE SAMH FUNDING																							
(1) SEFBHN - ME - Substance	\$ 2,468,685	\$ 32,306	\$ 16,646	\$ 9,979	\$ -	\$ 48,681	\$ 904,867	\$ 9,634	\$ -	\$ 86,675	\$ 166,973	\$ 1,077,728	\$ 176,611	\$ 30,000	\$ -	\$ -	\$ 4,857,334	\$ 4,857,334	\$ -	\$ 4,857,334	XXXXXXXXXX	XXXXXXXXXX	\$ 4,857,334
(2) SEFBHN - ME - TANF MSOTB	\$ 94,910			\$ 10,856	\$ 66,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,166	\$ 17,166	\$ -	\$ 17,166	XXXXXXXXXX	XXXXXXXXXX	\$ 17,166
(3) MS03S	\$ 180,400	\$ -	\$ -	\$ 2,130	\$ 197,218,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,748	\$ 379,748	\$ -	\$ 379,748	XXXXXXXXXX	XXXXXXXXXX	\$ 379,748
(4) MS081	\$ 367,410	\$ -	\$ -	\$ 7,162	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,390	\$ -	\$ 604,962	\$ 604,962	\$ -	\$ 604,962	XXXXXXXXXX	XXXXXXXXXX	\$ 604,962
(5) MSSM3	\$ -	\$ -	\$ -	\$ 1,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,265	\$ 1,265	\$ -	\$ 1,265	XXXXXXXXXX	XXXXXXXXXX	\$ 1,265
TOTAL STATE SAMH FUNDING =	\$ 2,811,405	\$ 32,306	\$ 16,646	\$ 41,392	\$ 488,216	\$ 48,681	\$ 904,867	\$ 9,634	\$ -	\$ 86,675	\$ 166,973	\$ 1,077,728	\$ 176,611	\$ 30,000	\$ 5,390	\$ -	\$ 6,016,075	\$ 6,016,075	\$ -	\$ 6,016,075	XXXXXXXXXX	XXXXXXXXXX	\$ 6,016,075
IB. OTHER GOVT. FUNDING																							
(1) Other State Agency Funding	\$ 196,787	\$ 100,653	\$ 65,186	\$ -	\$ -	\$ 87,780	\$ 16,746	\$ 140,652	\$ 0	\$ 5,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 759,322	\$ 759,322	\$ -	\$ 759,322	\$ -	\$ -	\$ 759,322
(2) Medicaid			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3) Local Government	\$ 632,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000	\$ -	\$ -	\$ 757,412	\$ -	\$ -	\$ -	\$ -	\$ 1,524,824	\$ 1,524,824	\$ -	\$ 1,524,824	\$ -	\$ -	\$ 1,524,824
(4) Federal Grants and Contracts	\$ 56,810	\$ 13,228	\$ 3,779	\$ -	\$ -	\$ 5,669	\$ 10,118	\$ 14,449	\$ 9,449	\$ 71,693	\$ -	\$ -	\$ 3,778	\$ -	\$ -	\$ -	\$ 188,974	\$ 188,974	\$ -	\$ 188,974	\$ -	\$ -	\$ 188,974
(5) In-kind from local govt. only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. OTHER GOVT. FUNDING =	\$ 886,010	\$ 113,881	\$ 68,966	\$ -	\$ -	\$ 93,449	\$ 26,864	\$ 155,101	\$ 144,449	\$ 223,211	\$ -	\$ 757,412	\$ 3,778	\$ -	\$ -	\$ -	\$ 2,473,120	\$ 2,473,120	\$ -	\$ 2,473,120	\$ -	\$ -	\$ 2,473,120
IC. ALL OTHER REVENUES																							
(1) 1st & 2nd Party Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) 3rd Party Payments (except Medicare)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(3) Medicare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Contributions and Donations	\$ 21,708	\$ 6,319	\$ 2,528	\$ -	\$ -	\$ -	\$ -	\$ 32,750	\$ 30,147	\$ 11,375	\$ -	\$ 6,541	\$ 4,847	\$ -	\$ -	\$ -	\$ 26,214	\$ 26,214	\$ -	\$ 26,214	\$ -	\$ -	\$ 26,214.14
(5) Other/PBC35	\$ 37,118	\$ 22,536	\$ 766	\$ -	\$ 8,000	\$ 34,400	\$ 613	\$ 383	\$ 10,383	\$ 689	\$ -	\$ 1,608	\$ 153	\$ 1,000	\$ -	\$ -	\$ 117,648	\$ 117,648	\$ -	\$ 117,648	\$ -	\$ 6,980	\$ 134,628.26
(6) In-kind	\$ 20,060	\$ 4,012	\$ 2,866	\$ -	\$ 2,866	\$ -	\$ 5,731	\$ 3,439	\$ 3,439	\$ 5,732	\$ 5,732	\$ 3,439	\$ -	\$ -	\$ -	\$ -	\$ 57,316	\$ 57,316	\$ -	\$ 57,316	\$ -	\$ -	\$ 57,316.00
(7) Operating Reserve - (Proceed from PPP)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,457	\$ 146,457	\$ 146,457	\$ -	\$ 146,457	\$ -	\$ -	\$ 146,457.00
TOT. ALL OTHER REVENUES =	\$ 78,885	\$ 32,867	\$ 6,160	\$ -	\$ 10,866	\$ 34,400	\$ 6,344	\$ 36,572	\$ 43,968	\$ 17,796	\$ 5,732	\$ 21,588	\$ 5,000	\$ 1,000	\$ -	\$ 146,457	\$ 1,765,635	\$ 1,765,635	\$ -	\$ 1,765,635	\$ -	\$ 6,980	\$ 1,782,615
TOTAL FUNDING =	\$ 3,776,300	\$ 179,053	\$ 190,771	\$ 41,392	\$ 499,084	\$ 176,530	\$ 938,074	\$ 201,306	\$ 188,417	\$ 327,682	\$ 162,705	\$ 1,886,729	\$ 184,940	\$ 31,000	\$ 5,390	\$ 1,464,457	\$ 10,253,831	\$ 10,253,830	\$ -	\$ 10,253,830	\$ -	\$ 6,980	\$ 10,270,810

See independent auditor's report

DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.
SCHEDULE OF EXPENSES BY COST CENTER
FOR THE YEAR ENDED June 30, 2022

EXPENSE CATEGORIES	Residential Level 2	Residential Level 4	Assessment	Incidental	Care Coordination	Intervention Case Management	Crisis Services	Medical Psych	Community Prevention	Outpatient	Outpatient Group	Detox	HIV	Other bundled project	RMB	Program 1 Total (B _{1a} +...+B _{1j})	Total for State SAMH-Funded Covered Services (C ₁ +...+C _{1j})	Total for Non-State-Funded Covered Services	Total for All Covered Services (D+E)	Non-SAMH Covered Services	Auditorial Rental Expenses	Other Support Costs (optional)	Administrati on	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}	B _{1o}	C ₁	D	E	F	G	G	H	I	J		
IIA. PERSONNEL EXPENSES																										
(1) Salaries	\$ 1748,087	\$ 77,007	\$ 82,035	\$ -	\$ 209,253	\$ 83,382	\$ 488,180	\$ 76,658	\$ 86,135	\$ 86,975	\$ 56,895	\$ 530,847	\$ 108,607	\$ 20,000	\$ 2,063	\$ -	\$ 3,756,126	\$ 3,756,126	\$ -	\$ 3,756,126	\$ -	\$ -	\$ -	\$ -	\$ 806,522	\$ 4,562,648
(2) Fringe Benefits	\$ 286,475	\$ 15,983	\$ 19,476	\$ -	\$ 52,214	\$ 30,378	\$ 60,434	\$ 14,373	\$ 27,866	\$ 50,339	\$ 8,510	\$ 62,088	\$ 15,882	\$ 6,250	\$ 500	\$ -	\$ 740,889	\$ 740,889	\$ -	\$ 740,889	\$ -	\$ -	\$ -	\$ -	\$ 43,963	\$ 884,832
TOTAL PERSONNEL EXPENSES =	\$ 2,034,562	\$ 92,990	\$ 101,511	\$ -	\$ 261,467	\$ 113,761	\$ 548,614	\$ 91,031	\$ 114,001	\$ 237,314	\$ 65,405	\$ 682,936	\$ 124,589	\$ 26,250	\$ 2,563	\$ 4,496,994	\$ 4,496,994	\$ -	\$ 4,496,994	\$ -	\$ -	\$ -	\$ -	\$ 850,485	\$ 5,447,480	
II B. OTHER EXPENSES																										
(1) Building Occupancy	\$ 143,169	\$ 11,322	\$ 14,455	\$ -	\$ 12,293	\$ 3,273	\$ 103,976	\$ 9,386	\$ 3,90	\$ 18,255	\$ 5,275	\$ 260,244	\$ 2,071	\$ 2,875	\$ 1827	\$ -	\$ 691,300	\$ 691,300	\$ -	\$ 691,300	\$ -	\$ 40,235	\$ -	\$ 35,805	\$ 767,340	
(2) Professional Services	\$ 17,869	\$ 677	\$ 2,284	\$ -	\$ 5,088	\$ 3,634	\$ 6,014	\$ 4,045	\$ 2,549	\$ 6,115	\$ 4,620	\$ 18,015	\$ 1,660	\$ -	\$ -	\$ -	\$ 72,569	\$ 72,569	\$ -	\$ 72,569	\$ -	\$ -	\$ -	\$ -	\$ 6,046	\$ 78,615
(3) Travel	\$ 12,577	\$ 898	\$ 888	\$ -	\$ 7,895	\$ 1,347	\$ 7,635	\$ 2,246	\$ 2,246	\$ 0	\$ -	\$ 9,432	\$ -	\$ -	\$ -	\$ -	\$ 44,914	\$ 44,914	\$ -	\$ 44,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,914
(4) Equipment	\$ 26,845	\$ 149	\$ 1,430	\$ -	\$ 3,518	\$ 2,148	\$ 2,024	\$ 3,545	\$ 3,556	\$ 0	\$ -	\$ 14,847	\$ 149	\$ -	\$ -	\$ -	\$ 70,752	\$ 70,752	\$ -	\$ 70,752	\$ -	\$ -	\$ -	\$ -	\$ 77	\$ 70,828
(5) Food Services	\$ 244,014	\$ 6,079	\$ -	\$ -	\$ -	\$ 1,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,526	\$ -	\$ -	\$ -	\$ -	\$ 326,315	\$ 326,315	\$ -	\$ 326,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,315
(6) Medical and Pharmacy	\$ 357,184	\$ 4,618	\$ -	\$ -	\$ 20,268	\$ 5,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,500	\$ -	\$ -	\$ -	\$ -	\$ 480,912	\$ 480,912	\$ -	\$ 480,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,912
(7) Subcontracted Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(8) Insurance	\$ 95,481	\$ 4,096	\$ 3,251	\$ -	\$ 9,008	\$ 2,282	\$ 5,229	\$ 10,048	\$ -	\$ 2,965	\$ 2,966	\$ 38,149	\$ 2,095	\$ -	\$ -	\$ -	\$ 85,549	\$ 85,549	\$ -	\$ 85,549	\$ -	\$ -	\$ -	\$ -	\$ 24,905	\$ 210,454
(9) Interest Paid	\$ 42,250	\$ 5,821	\$ 3,237	\$ 476	\$ 2,535	\$ 3,933	\$ 10,756	\$ 6,472	\$ 6,381	\$ 14,375	\$ 3,282	\$ 27,985	\$ 2,665	\$ 3,092	\$ -	\$ -	\$ 83,260	\$ 83,260	\$ -	\$ 83,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,260
(10) Operating Supplies & Expenses	\$ 63,331	\$ 4,802	\$ 6,109	\$ 25,204	\$ 8,736	\$ 4,599	\$ 19,900	\$ 1,766	\$ 3,094	\$ 3,571	\$ -	\$ 54,535	\$ 2,352	\$ 2,450	\$ -	\$ -	\$ 98,468	\$ 98,468	\$ -	\$ 98,468	\$ -	\$ 2,009	\$ -	\$ 17,555	\$ 218,032	
(11) Other	\$ 43,004	\$ 1,945	\$ 1,489	\$ 6,188	\$ 9,265	\$ 2,082	\$ 8,234	\$ 4,938	\$ 4,482	\$ 9,738	\$ 7,500	\$ 22,469	\$ 2,856	\$ -	\$ 1,000	\$ -	\$ 85,189	\$ 85,189	\$ -	\$ 85,189	\$ -	\$ -	\$ -	\$ -	\$ 10,341	\$ 265,531
(12) Donated Items	\$ 20,080	\$ 4,012	\$ 2,866	\$ -	\$ 4,866	\$ -	\$ 5,732	\$ 3,439	\$ 1,439	\$ 5,732	\$ 5,732	\$ 3,439	\$ -	\$ -	\$ -	\$ -	\$ 57,316	\$ 57,316	\$ -	\$ 57,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,316
(13) Nurses-Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,185	\$ 4,122	\$ -	\$ -	\$ -	\$ 309,882	\$ -	\$ -	\$ -	\$ -	\$ 418,180	\$ 418,180	\$ -	\$ 418,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 418,180
(14) Depreciation	\$ 179,492	\$ 14,918	\$ 13,886	\$ -	\$ 23,143	\$ 13,886	\$ 27,772	\$ 23,143	\$ 23,143	\$ 23,143	\$ -	\$ 97,203	\$ 13,886	\$ 9,257	\$ -	\$ -	\$ 482,869	\$ 482,869	\$ -	\$ 482,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 482,869
(15) Operating Reserves instruments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER EXPENSES =	\$ 1,245,216	\$ 60,602	\$ 49,905	\$ 41,868	\$ 206,414	\$ 44,202	\$ 314,436	\$ 73,189	\$ 50,080	\$ 83,894	\$ 29,314	\$ 1,014,235	\$ 39,003	\$ 17,414	\$ 2,827	\$ -	\$ 3,272,601	\$ 3,272,601	\$ -	\$ 3,272,601	\$ -	\$ 42,244	\$ -	\$ 24,729	\$ 3,529,574	
TOT. PERSONNEL & OTH. EXP. =	\$ 3,279,780	\$ 153,592	\$ 151,416	\$ 41,868	\$ 467,881	\$ 157,963	\$ 863,051	\$ 164,220	\$ 164,081	\$ 321,208	\$ 94,719	\$ 1,697,171	\$ 163,592	\$ 43,664	\$ 5,390	\$ -	\$ 7,769,595	\$ 7,769,595	\$ -	\$ 7,769,595	\$ -	\$ 42,244	\$ -	\$ 116,214	\$ 8,977,053	
II C. DISTRIBUTED INDIRECT COSTS																										
(a) Other Support Costs (Optional)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Administration	\$ 547,676	\$ 58,281	\$ 69,919	\$ -	\$ 32,861	\$ 34,956	\$ 81,565	\$ 58,261	\$ 58,261	\$ 37,897	\$ 78,624	\$ 98,086	\$ 46,609	\$ -	\$ -	\$ -	\$ 1,302,969	\$ 1,302,969	\$ -	\$ 1,302,969	\$ -	\$ -	\$ -	\$ -	\$ (130,969)	\$ -
TOT. DISTR'D INDIRECT COSTS =	\$ 547,676	\$ 58,281	\$ 69,919	\$ -	\$ 32,861	\$ 34,956	\$ 81,565	\$ 58,261	\$ 58,261	\$ 37,897	\$ 78,624	\$ 98,086	\$ 46,609	\$ -	\$ -	\$ -	\$ 1,302,969	\$ 1,302,969	\$ -	\$ 1,302,969	\$ -	\$ -	\$ -	\$ -	\$ (130,969)	\$ -
TOTAL ACTUAL OPER. EXPENSES =	\$ 3,827,456	\$ 211,852	\$ 221,339	\$ 41,868	\$ 500,742	\$ 192,919	\$ 944,616	\$ 222,481	\$ 222,342	\$ 359,105	\$ 173,343	\$ 1,895,257	\$ 210,200	\$ 43,664	\$ 5,390	\$ -	\$ 9,072,565	\$ 9,072,565	\$ -	\$ 9,072,565	\$ -	\$ 42,244	\$ -	\$ (17,755)	\$ 8,977,053	
II D. UNALLOWABLE COSTS																										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT. ALLOWABLE OPER. EXP. =	\$ 3,827,456	\$ 211,852	\$ 221,339	\$ 41,868	\$ 500,742	\$ 192,919	\$ 944,616	\$ 222,481	\$ 222,342	\$ 359,105	\$ 173,343	\$ 1,895,257	\$ 210,200	\$ 43,664	\$ 5,390	\$ -	\$ 8,860,715	\$ 8,860,715	\$ -	\$ 9,072,565	\$ -	\$ 42,243,61	\$ -	\$ (17,755)	\$ 8,977,053	
III. CAPITAL EXPENDITURES																										
	\$ 11,699	\$ 23,935	\$ 47,871	\$ -	\$ 23,935	\$ 79,785	\$ 71,806	\$ 55,849	\$ 79,785	\$ 55,849	\$ 11,699	\$ 11,699	\$ 23,935	\$ -	\$ -	\$ -	\$ 797,848	\$ 797,848	\$ -	\$ 797,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 797,848
Revenues Less Expenses (Control Totals)	\$ (5,155)	\$ (32,799)	\$ (30,558)	\$ (476)	\$ (1,658)	\$ (1,389)	\$ (6,542)	\$ (21,075)	\$ (33,925)	\$ (31,423)	\$ (1,638)	\$ (8,528)	\$ (25,260)	\$ (2,664)	\$ -	\$ 146,457	\$ 1,812,666	\$ 1,812,666	\$ -	\$ 1,812,666	\$ (25,264)	\$ -	\$ -	\$ 137,755	\$ 1,293,757	
SEFBHN Revenue Control	\$ 2,814,05	\$ 32,306	\$ 16,646	\$ 4,132	\$ 488,218	\$ 48,881	\$ 904,867	\$ 9,634	\$ -	\$ 86,675	\$ 66,973	\$ 1,077,728	\$ 17,611	\$ 30,000	\$ 5,390	\$ -	\$ 6,015,075	\$ 6,015,075	\$ -	\$ 6,015,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2022

	Residential Level 2	Residential Level 4	Assessment	Incidental	Care Coordination	Intervention Case Management	Crisis Services	Medical Psych	Outpatient	Detox	HIV	Other Bundled Project	RMB	Total
Revenues from Grantee:														
DCF/SEFBHN funding	\$ 2,811,405	\$ 32,306	\$ 115,646	\$ 41,392	\$ 488,218	\$ 48,681	\$ 904,867	\$ 9,634	\$ 243,648	\$ 1,107,728	\$ 176,161	\$ 30,000	\$ 5,390	\$ 6,015,075
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue from Grantee	<u>2,811,405</u>	<u>32,306</u>	<u>115,646</u>	<u>41,392</u>	<u>488,218</u>	<u>48,681</u>	<u>904,867</u>	<u>9,634</u>	<u>243,648</u>	<u>1,107,728</u>	<u>176,161</u>	<u>30,000</u>	<u>5,390</u>	<u>6,015,075</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>
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>

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, 2022

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's 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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.
3. No instances of noncompliance material to the financial statements of Drug Abuse Foundation of Palm Beach County, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs and state financial assistance are reported in the INDEPENDENT AUDITOR'S 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 auditor's 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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors 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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2023.

Report on 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.

Report on 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
January 20, 2023



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

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE 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 Financial Assistance

Opinion on Each Major Federal Program and State Financial Assistance

We have audited Drug Abuse Foundation of Palm Beach County, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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 financial assistance for the year ended June 30, 2022. 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 – Federal and State Financial Assistance .

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 financial assistance for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program and State Financial Assistance

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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Drug Abuse Foundation of Palm Beach County, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state financial assistance. Our audit does not provide a legal determination of Drug Abuse Foundation of Palm Beach County, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Drug Abuse Foundation of Palm Beach County, Inc.'s federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Drug Abuse Foundation of Palm Beach County, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and *Chapter 10.650, State of Florida Rules of the Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Drug Abuse Foundation of Palm Beach County, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and *Chapter 10.650, State of Florida Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Drug Abuse Foundation of Palm Beach County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Drug Abuse Foundation of Palm Beach County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Drug Abuse Foundation of Palm Beach County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 financial assistance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 financial assistance will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state financial assistance 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
January 20, 2023