



**DRUG ABUSE FOUNDATION OF  
PALM BEACH COUNTY, INC.  
FINANCIAL STATEMENTS  
June 30, 2023 and 2022**

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

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

CERTIFIED PUBLIC ACCOUNTANTS

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

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2023, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the year ended June 30, 2023 in accordance with accounting principles generally accepted in the United States of America.

### ***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. 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 opinions.

### ***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 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* 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*, 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, 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 *Comptroller General of the State of Florida*, 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 mentioned herein 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, 2022, and we expressed an unmodified opinion on those financial statements in our report dated January 20, 2023. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2022, 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 4, 2024, 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***

In accordance with *Uniform Guidance*, we have also issued our report dated January 4, 2024, 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.

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*. That report is an integral part of an audit performed in accordance with *Uniform Guidance* in considering Drug Abuse Foundation of Palm Beach County, Inc.'s internal control over financial reporting and compliance with each major federal program.

*MARI HUFF CPA PA*

Mari Huff, C.P.A., P.A.  
Stuart, Florida  
January 4, 2024

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

## Statements of Financial Position

As of June 30, 2023 and June 30, 2022

	Totals	
	2023	2022
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 573,289	\$ 921,985
Investments - certificate of deposits	716,796	498,000
Grants and contracts receivable	1,158,983	1,106,512
Inventory	104,298	104,343
Prepaid expenses	48,283	136,622
Total current assets	<u>2,601,649</u>	<u>2,767,462</u>
Property and equipment, net	<u>3,538,319</u>	<u>3,843,467</u>
Other assets:		
Deposits	16,930	16,930
Right of use assets - operating leases	64,614	123,029
Total other assets	<u>81,544</u>	<u>139,959</u>
<b>Total assets</b>	<b><u>\$ 6,221,512</u></b>	<b><u>\$ 6,750,888</u></b>
<b>Liabilities and net assets:</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 133,514	\$ 228,779
Accrued expenses	260,147	460,424
Mortgage payable, current portion (less unamortized debt issuance costs)	80,763	74,551
Right of use liabilities - operating leases	45,615	42,822
Total current liabilities	<u>520,039</u>	<u>806,576</u>
Mortgage payable, long-term portion (less unamortized debt issuance costs )	2,672,673	2,752,969
Right of use liabilities - operating leases	18,999	80,207
Total long term liabilities	<u>2,691,672</u>	<u>2,833,176</u>
<b>Total liabilities</b>	<b><u>3,211,711</u></b>	<b><u>3,639,752</u></b>
Net assets:		
Net assets without donor restrictions	<u>3,009,801</u>	<u>3,111,136</u>
Total net assets	<u>3,009,801</u>	<u>3,111,136</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 6,221,512</u></b>	<b><u>\$ 6,750,888</u></b>

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, 2023

(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	Totals	
		2023	2022
Support, revenues, and gains:			
Public support			
Federal and state ADM grants			
Substance abuse	\$ 6,343,633	\$ 6,343,633	\$ 6,015,075
Ounce of Prevention	131,657	131,657	122,194
US Dept. of Probation	53,100	53,100	66,780
Payroll protection program	-	-	1,464,457
Palm Beach County	1,289,675	1,289,675	1,310,079
Contributions and donations	127,643	127,643	126,387
In-kind contributions	69,242	69,242	57,316
Total public support	<u>8,014,950</u>	<u>8,014,950</u>	<u>9,162,288</u>
Other revenues:			
Client fees	4,596	4,596	3,991
State and local service revenue	1,128,201	1,128,201	974,067
Other revenues	1,143	1,143	112,771
Investment and interest income	18,904	18,904	713
Rental income	32,487	32,487	16,980
Total other revenues	<u>1,185,331</u>	<u>1,185,331</u>	<u>1,108,522</u>
Total support, revenues, and gains	<u>9,200,281</u>	<u>9,200,281</u>	<u>10,270,810</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, 2023**(With Summarized Comparative Totals for the Year Ended June 30, 2022)*

	Without Donor Restrictions	Totals	
		2023	2022
Functional expenses:			
Program services:			
Adult substance program	8,469,774	8,469,774	7,769,595
Total program services	<u>8,469,774</u>	<u>8,469,774</u>	<u>7,769,595</u>
Support services:			
Administration	774,344	774,344	1,165,214
Rental expense	57,498	57,498	42,244
Total support services	<u>831,842</u>	<u>831,842</u>	<u>1,207,458</u>
Total functional expenses	<u>9,301,616</u>	<u>9,301,616</u>	<u>8,977,053</u>
Total expenses	<u>9,301,616</u>	<u>9,301,616</u>	<u>8,977,053</u>
Change in net assets	(101,335)	(101,335)	1,293,757
Net assets, beginning of year	<u>3,111,136</u>	<u>3,111,136</u>	<u>1,817,379</u>
Net assets, end of year	<u>\$ 3,009,801</u>	<u>\$ 3,009,801</u>	<u>\$ 3,111,136</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, 2023*

*(With Summarized Comparative Totals for the Year Ended June 30, 2022)*

	PROGRAM SERVICES	SUPPORT SERVICES		TOTALS	
		Administration	Auditorium Rentals	2023	2022
Personnel expenses:					
Salaries	\$ 3,901,468	\$ -	\$ -	\$ 3,901,468	\$ 4,562,648
Benefits and taxes	781,992	-	-	781,992	884,832
<b>Total personnel expenses</b>	<b>4,683,460</b>	<b>-</b>	<b>-</b>	<b>4,683,460</b>	<b>5,447,480</b>
Operating expenses:					
Building occupancy	827,522	-	31,917	859,439	767,340
Professional services	64,645	-	-	64,645	78,615
Travel	6,609	-	-	6,609	44,914
Equipment	-	-	-	-	70,828
Food services	392,703	-	-	392,703	326,313
Medical & pharmacy	401,411	-	-	401,411	480,912
Subcontracted services	999,185	-	-	999,185	413,190
Insurance	286,785	-	-	286,785	210,454
Interest	113,228	-	-	113,228	133,260
Operating supplies & expenses	167,848	-	-	167,848	218,032
Other	363,526	-	25,581	389,107	265,530
Donated Items	162,852	-	-	162,852	57,316
Administration	-	774,344	-	774,344	462,869
<b>Total operating expenses</b>	<b>8,469,774</b>	<b>774,344</b>	<b>57,498</b>	<b>9,301,616</b>	<b>8,977,053</b>
<b>Total expenses</b>	<b>\$ 8,469,774</b>	<b>\$ 774,344</b>	<b>\$ 57,498</b>	<b>\$ 9,301,616</b>	<b>\$ 8,977,053</b>

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

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

*Statement of Cash Flows*

*For the Year Ended June 30, 2023*

*(With Summarized Comparative Totals for the Year Ended June 30, 2022)*

	Without donor restrictions	Totals	
		2023	2022
<b>Cash flows provided by operating activities:</b>			
Receipts from public and private support, net of amounts restricted for long-term purposes	\$ 9,090,680	\$ 9,090,680	\$ 8,867,103
Receipts from fees charged to clients	4,596	4,596	3,991
Payments to suppliers and employees	(9,016,089)	(9,016,089)	(8,355,562)
Rents received	32,487	32,487	16,980
Other cash received	1,143	1,143	112,771
Interest received	18,904	18,904	713
Interest paid	(\$113,228)	(113,228)	(123,735)
<b>Net cash provided by operating activities</b>	<b>18,493</b>	<b>18,493</b>	<b>522,261</b>
<b>Cash flows used in investing activities:</b>			
Purchase of certificates of deposit	(218,796)	(218,796)	(498,000)
Capital expenditures	(74,309)	(74,309)	(797,846)
<b>Net cash used in investing activities</b>	<b>(293,105)</b>	<b>(293,105)</b>	<b>(1,295,846)</b>
<b>Cash flows used in financing activities:</b>			
Principal payments under note payable	(74,084)	(74,084)	(72,523)
<b>Net cash used in financing activities</b>	<b>(74,084)</b>	<b>(74,084)</b>	<b>(72,523)</b>
Net change in cash and cash equivalents	(348,696)	(348,696)	(846,108)
Cash and cash equivalents, beginning of year	921,985	921,985	1,768,093
Cash and cash equivalents, end of year	<b>\$ 573,289</b>	<b>\$ 573,289</b>	<b>\$ 921,985</b>
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>			
Change in net assets	\$ (101,335)	\$ (101,335)	\$ 1,293,757
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)
Debt issuance costs	-	-	9,525
Depreciation expense	379,457	379,457	462,869
Change in:			
Grants and contracts receivable	(52,471)	(52,471)	195,205
Inventory	45	45	(4,694)
Prepaid expenses	88,339	88,339	(74,262)
Accounts payable	(95,265)	(95,265)	124,831
Accrued expenses	(200,277)	(200,277)	(20,513)
<b>Net cash provided by operating activities</b>	<b>\$ 18,493</b>	<b>\$ 18,493</b>	<b>522,261</b>

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

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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

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

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

### New Accounting Guidance Implementation Adoption of 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 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. Collectively, we refer to the new Topic 606 and its subtopics as the "new guidance." The Foundation adopted the requirements of the new guidance as of July 1, 2022, utilizing the full retrospective method of transition. The adoption of the new guidance did not result in changes to the accounting policies for revenue and cost recognition previously described.

### New Accounting Guidance Implementation Adoption of FASB ASC 842

Effective July 1, 2022, the Foundation adopted FASB ASC 842: *Leases*. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation elected the package of practical expedients permitted under the transition provisions within the new guidance, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets, net of prepaid lease payments and lease incentives, of \$123,029 and operating lease liabilities of \$123,029 as of July 1, 2022. Results for periods beginning prior to July 1, 2022, have been reported in accordance with the new FASB ASC 842: *Leases* accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Foundation's results of operations, cash flows or debt covenants.

### Revenue from Contracts with Customers (FASB ASC 606)

The Foundation recognizes contract revenue for financial reporting purposes at the point in time that services are provided. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is probable. Revenue generally is recognized net of allowances for returns and any taxes collected from customers and subsequently remitted to governmental authorities. Revenue recognition for multiple-element arrangements requires judgment to determine if multiple elements exist, whether elements can be accounted for as separate units of accounting, and if so, the fair value for each of the elements.

Cost of revenue includes labor and overhead costs for services performed.

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

*Notes to Financial Statements*

*June 30, 2023 and 2022*

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

### Performance Obligations (FASB ASC 606)

Contracts with customers are mainly fixed-price agreements. The payment terms and conditions in customer contracts are the same for all clients. Each service appointment is considered a single performance obligation that is satisfied at the point in time where the Foundations provides the services. Payment typically is due at the time the services are provided.

### Significant Judgments (FASB ASC 606)

The Foundation provides recovery from chemical addiction and promotes drug free living and mental well-being services in South Florida. The Foundation expects to be entitled to its revenues once the services are performed. The Foundation limits its estimate to an amount that will not result in a significant reversal of revenue when the uncertainty is resolved.

### 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.

### 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.

### Investments

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months

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

*Notes to Financial Statements*

*June 30, 2023 and 2022*

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

### 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.

### 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, 2023 and 2022.

### 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, 2023 and 2022, total inventory was \$104,298 and \$104,343, respectively.

### Prepaid expenses

The Foundation prepays certain expenses and recognizes the expenses as the benefits are received. These prepaids expenses are reflected as current assets and will be recognized as expenses within the following year as the benefits are received.

### 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, 2023 and 2022 were \$69,939 and \$273,755, respectively and included related accrued payroll expenses.

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

*Notes to Financial Statements*

*June 30, 2023 and 2022*

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

### Debt Issuance Costs

Unamortized debt issuance costs of \$2,376 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 6 below). Amortization expense included in interest for the years ended June 30, 2023 and 2022 was \$1,625 and \$9,525, respectively.

### 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. Donor restricted contributions for which the donor restrictions are satisfied in the same reporting period are reported as net assets without donor 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.

### Revenue Recognition

Contributions and grants received are recorded according to ASC 958-605: *Revenue Recognition*. Contributions and grants are recognized with donor restrictions or without donor restrictions depending on the existence or nature of any donor/grantor restrictions.

### Revenue from Contracts with Customers (FABS ASC 606)

Client fees and rental income are recorded according to ASC 605: *Revenues from Contracts with Customers* at the point in time the services are provided. Payments from clients are generally received at commencement of the services.

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

*Notes to Financial Statements*

*June 30, 2023 and 2022*

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

### 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.

### 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.

### Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

### 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.

### 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, 2023 and 2022, the Foundation had no taxable income, and therefore no income tax expense.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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

### Uncertain Tax Positions

The Foundation's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2021, 2022 and 2023 are subject to examination by IRS, generally for three years after they were filed. None of the Foundation's returns for years prior to 2021 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.

### Contributed Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation at the residents' facilities, but these services do not meet the criteria for recognition as contributed services. The Foundation received no volunteer hours per year.

### 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, 2022 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, 2023. The Foundation held no investments as of June 30, 2022.

	Amortized	Earned	Net Carrying	Gross Unrealized	Fair value	Maturity date	Interest
Certificates of deposit	Cost	Interest	Amount	Losses			rate
City National Bank Miami	\$ 157,000	\$ 205	\$ 157,205	\$ -	\$ 157,205	9/21/2023	5.30%
US Bank National Association Cincinnati	157,000	181	157,181	(116)	157,065	3/22/2024	5.25%
Bank of India	159,000	162	159,162	(264)	158,898	6/21/2024	5.30%
Bank of China	239,000	5,542	244,542	(914)	243,628	12/26/2023	4.65%
Total investments	<u>\$ 712,000</u>	<u>\$ 6,090</u>	<u>\$ 718,090</u>	<u>\$ (1,294)</u>	<u>\$ 716,796</u>		



# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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## **NOTE 4: PROPERTY AND EQUIPMENT**

Depreciation expense for the years ended June 30, 2023 and 2022 was \$379,457 and \$462,871, respectively. These amounts represent a combination of amounts charged to both functional expenses and expenses of rental income.

Property and equipment consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 325,000	\$ 325,000
Building and improvements	6,960,530	6,900,102
Furniture and equipment	598,953	585,072
Vehicles	133,147	133,147
Total	<u>8,017,630</u>	<u>7,943,321</u>
Less: accumulated depreciation	<u>4,479,311</u>	<u>4,099,854</u>
Property and equipment, net	<u><u>\$ 3,538,319</u></u>	<u><u>\$ 3,843,467</u></u>

## **NOTE 5: ACCRUED EXPENSES**

Accrued expense at June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Accrued payroll	\$ 152,387	\$ 349,284
Accrued paid time off	86,055	79,045
Other accrued expenses	21,705	32,095
Total accrued expenses	<u><u>\$ 260,147</u></u>	<u><u>\$ 460,424</u></u>

## **NOTE 6: 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.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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## **NOTE 6: MORTGAGE PAYABLE (continued)**

The aggregate maturities of the promissory note subsequent to June 30, 2023, shown net of unamortized debt issuance costs, are as follows:

2024	\$	80,763
2025		84,263
2026		87,914
2027		95,700
2028 and Thereafter		2,404,796
		<u>\$ 2,753,436</u>

## **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, 2023 or June 30, 2022, and no interest expense was incurred under this line for the year ended June 30, 2023 or for the year ended June 30, 2022. This line was renewed for a one-year term on February 28, 2024.

## **NOTE 8: RENTAL INCOME**

The Foundation rents its auditorium to various lessees on an as needed basis. Total rental revenues were \$32,487 and \$16,980 and total rental expenses were \$57,498 and \$42,244 for the years ended June 30, 2023 and 2022, respectively.

## **NOTE 9: DISAGGREGATION OF REVENUES FROM CONTRACTS WITH CUSTOMERS**

The following table disaggregates the Foundation's revenue earned from contracts with customers based on the timing of satisfaction of performance obligations for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Performance obligations satisfied at a point in time	\$ 37,083	\$ 20,971
Total revenues from contracts with customers	<u>\$ 37,083</u>	<u>\$ 20,971</u>

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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## **NOTE 10: CONCENTRATIONS**

### Major Funders

Major funders who have provided greater than 10% of total revenues for the years ended June 30, 2023 and 2022 are as follows:

	2023		2022	
	Revenue	Receivable	Revenue	Receivable
Southeast Florida Behavioral Health	\$ 6,343,633	\$ 688,826	\$ 6,015,075	\$ 634,607
Palm Beach County Community Services	1,289,675	294,110	1,310,079	235,715
Total	<u>\$ 7,633,308</u>	<u>\$ 982,936</u>	<u>\$ 7,325,154</u>	<u>\$ 870,322</u>

The Foundation received approximately 83% and 71% of its revenue from these funders for each of the fiscal years ended June 30, 2023 and 2022, respectively.

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 \$196,000 in uninsured funds as of June 30, 2023 all of which was at TD Bank.

### Market Concentrations

The Foundation is located in Palm Beach County, Florida and receives all support from this region.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

## **NOTE 11: 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>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 573,289	\$ 921,985
Investments - certificate of deposits	716,796	498,000
Grants and contracts receivable	1,158,983	1,106,512
<b>Total financial assets available within one year</b>	<u>\$ 2,449,068</u>	<u>\$ 2,526,497</u>
Liquidity resources:		
Bank line of credit	250,000	250,000

## **NOTE 12: LEASES**

### Operating capital 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, 2023 and 2022 was \$65,801 and \$53,941, 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, 2023 and 2022, rental expense under this lease totaled \$23,032 and \$22,597, respectively.

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

## **NOTE 12: LEASES (continued)**

The exercise of any renewal options is at the sole discretion of the Foundation, and only lease options that the Foundation believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. While all of the agreements provide for minimum lease payments, some include payments adjusted for inflation and operating expenses. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the balance sheet which include amounts for operating leases as follows:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use assets	\$ 64,614	\$ 123,029
Operating lease right-of-use liability, current portion	\$ 45,615	42,822
Operating lease right-of-use liability, long-term portion	18,999	80,207
Total Operating lease liabilities	<u>\$ 64,614</u>	<u>\$ 123,029</u>

The components of operating lease expenses that are included in Building occupancy on the Statement of Functional Expenses in these financial statements of for the year ended June 30, were as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost (rent expense)	\$ 63,450	\$ 61,572
Variable lease cost (rent expense)	25,383	14,966
Total operating lease cost	<u>\$ 88,833</u>	<u>\$ 76,538</u>

The following summarizes the cash flow information related to operating leases for the year ended June 30:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurements of lease liabilities:		
Operating lease cash flows	\$ 88,833	\$ 76,538
Leased assets obtained in exchange for lease liabilities:		
Operating lease	\$ 64,614	\$ 123,029

# DRUG ABUSE FOUNDATION OF PALM BEACH COUNTY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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## **NOTE 12: LEASES (continued)**

Weighted average lease term and discount rate as of June 30, were as follows:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term	1.4 Years	3.6 Years
Weighted average discount rate	2.06%	1.70%

The maturities of operating lease liabilities as of June 30, 2023, were as follows:

2024	\$ 45,615
2025	20,243
2026 and thereafter	<u>-</u>
Total lease payments	65,858
Less: interest	<u>(1,244)</u>
Present value of lease liability	<u>\$ 64,614</u>

## **NOTE 13: 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 \$111,934 and \$101,997 for the years ended June 30, 2023 and 2022, respectively.

## **NOTE 14: STATE MATCHING REQUIREMENT**

The Foundation entered into an agreement PDA48 effective July 1, 2020 through June 30, 2022 with Southeast Florida Behavioral Health Network, Inc. (the "Managing Entity") that calls for local matching funds pursuant to s.394.763(3), Florida Statutes. Subsequently, the agreement PDA48 was resigned for an additional two years becoming effective on July 1, 2022, ending on June 30, 2024.

For the period July 1, 2022 through June 30, 2024, 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.

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

Notes to Financial Statements

June 30, 2023 and 2022

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**NOTE 14: STATE MATCHING REQUIREMENT (continued)**

During the fiscal year ended June 30, 2023, reimbursable services under these contracts were as follows:

Total expenditures	\$	9,301,616
Less other state and federal funds		(131,657)
Less non-match SAMH funds		(2,170,477)
Less: unallowable costs per 65E-14, F.A.C.		
Rental costs	(88,832)	
Interest expense allocated to admin expense	(113,225)	(202,057)
Total allowable expenditures	\$	<u>6,797,425</u>
Maximum available earnings	\$	5,098,069
Amount of state funds requiring match		<u>5,068,544</u>
Amount of overmatch	\$	<u>29,525</u>

**NOTE 15: 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 16: 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.

These agencies and related service revenues received are summarized as follows for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Drug Court	\$ 135,784	\$ 79,745
Department of Corrections	505,510	283,685
FADA	351,907	475,637
PBSO Trust Fund	135,000	135,000
Total	<u>\$ 1,128,201</u>	<u>\$ 974,067</u>

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

*Notes to Financial Statements*

*June 30, 2023 and 2022*

**NOTE 17: 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	3,196	7,300	\$ 1,116,900	\$ 1,861,500	\$ -

**NOTE 18: UNCERTAINTIES, CONTINGENCIES, AND RISKS**

The Foundation is involved in an action where a former employee is alleging discrimination on the basis of disability and retaliation for engaging in an activity protected under the Americans with Disabilities Act. The charge was made to Equal Employment Opportunity Commission (“EEOC”) and a decision on the matter from the EEOC is currently pending. If the EEOC determines that the allegations are credible, a lawsuit may be filed against the Foundation. However, the evidence presented to the Foundations council supports its defense against the allegations, and a favorable outcome is anticipated. As of January 4, 2024 it is not probable to assess limits for losses or damages. The Foundation has a \$25,000 Self-Insured Retention policy with its insurance carrier for such claims.

**NOTE 19: EVALUATION OF SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through January 4, 2024, 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  
For the Year Ended June 30, 2023*

Federal Grantor/Pass-through Grantor/Program	Contract Number	CFDA Number	Amount
<b>Federal Awards:</b>			
U.S. Department of Health and Human Services			
Pass-through:			
Florida Department of Children and Families			
Southeast Florida Behavioral Health Network, Inc.:			
Prevention and Treatment of Substance Abuse	PDA48-15-4	93.959	\$ 3,602,472
Temporary Assistance for Needy Families	PDA48-15-4	93.558	229,488
State Targeted Response to the Opioid Crisis (Medicaid Cluster)	PDA48-15-4	93.788	35,851
			<u>3,867,812</u>
<b>State Matching Funds (Federal Awards):</b>			
U.S. Department of Health and Human Services			
Pass-through:			
Florida Department of Children and Families			
Southeast Florida Behavioral Health Network, Inc.:			
Prevention and Treatment of Substance Abuse	PDA48-15-4	93.959	<u>2,475,821</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 6,343,633</u></b>

**NOTE: A - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards, presented above, includes the federal award activity of the Foundation under programs of the federal government for the year ended June 30, 2023. 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). 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, 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.

**NOTE: D - SUBRECIPIENTS**

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

*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, 2023**

7		Mental Health Total	Assessment	Case Management	Crisis Support/ Emergency	Intervention (Indiv.)	Medical Services	Medication-Assisted Tx	Outpatient (Indiv.)	Residential II	Residential IV	Inpatient Detoxification	Incidental Expenses	Outpatient Group	Care Coordination	Substance Abuse Total	Total for State SAMH-Funded Covered Services or Projects (B+C)	Total for Non-State-Funded Covered Services or Projects	Total for All Covered Services or Projects (D+E)	Non-SAMH Covered Services or Projects	Total Funding
A	B		01	02	04	11 HIV	12	13 Comm Prevention	14	19	21	24	28	35	M	C	D	E	F	G	H (F+G)
<b>IA STATE SAMH FUNDING</b>																					
Current Year Funding																					
\$ -																					
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State																			
MS003	FDA48-15	F/S	\$ -							\$1,318,429.96	\$ 914.67					\$ 1,319,344.63	\$ 1,319,344.63		\$ 1,319,344.63	\$ 1,319,344.63	
MS011	FDA48-15	F/S	\$ -	\$ 98,825.94	\$ 53,022.93	\$ 74.25	\$ 43,596.50	\$ 25,636.74	\$ 150,228.33				\$ 29,296.07	\$ 270,752.24		\$ 671,433.00	\$ 671,433.00		\$ 671,433.00	\$ 671,433.00	
MS021	FDA48-15	F/S	\$ -			\$ 599,430.82						\$ 1,115,394.19				\$ 1,714,825.01	\$ 1,714,825.01		\$ 1,714,825.01	\$ 1,714,825.01	
MSCOM	FDA48-15	F	\$ -			\$ 1,419.00				\$1,466,399.37						\$ 1,467,818.37	\$ 1,467,818.37		\$ 1,467,818.37	\$ 1,467,818.37	
MS023	FDA48-15	F	\$ -			\$ 54,452.31										\$ 54,452.31	\$ 54,452.31		\$ 54,452.31	\$ 54,452.31	
MSSM4	FDA48-15	F	\$ -				\$ 33,007.44	\$ 2,844.00								\$ 35,851.44	\$ 35,851.44		\$ 35,851.44	\$ 35,851.44	
MS081	FDA48-15	S	\$ -	\$ 30.47	\$ 11,502.29		\$ 28,496.23			\$ 442,165.38			\$ 9,340.95			\$ 491,535.32	\$ 491,535.32		\$ 491,535.32	\$ 491,535.32	
MSOCN	FDA48-15	F/S	\$ -												\$ 78,888.00	\$ 78,888.00	\$ 78,888.00		\$ 78,888.00	\$ 78,888.00	
MSOTB	FDA48-15	F	\$ -							\$ 150,600.00						\$ 150,600.00	\$ 150,600.00		\$ 150,600.00	\$ 150,600.00	
MSCBS	FDA48-15	S	\$ -							\$ 38,274.69						\$ 38,274.69	\$ 38,274.69		\$ 38,274.69	\$ 38,274.69	
MSCS2	FDA48-15	F	\$ -											\$ 179,087.48		\$ 179,087.48	\$ 179,087.48		\$ 179,087.48	\$ 179,087.48	
MSCS3	FDA48-15	F	\$ -											\$ 18,130.48		\$ 18,130.48	\$ 18,130.48		\$ 18,130.48	\$ 18,130.48	
MSTRV	FDA48-15	S	\$ -									\$ 19,515.00				\$ 19,515.00	\$ 19,515.00		\$ 19,515.00	\$ 19,515.00	
MSTVS	FDA48-15	F	\$ -									\$ 78,350.00				\$ 78,350.00	\$ 78,350.00		\$ 78,350.00	\$ 78,350.00	
MSTV2	FDA48-15	F	\$ -									\$ 25,527.00				\$ 25,527.00	\$ 25,527.00		\$ 25,527.00	\$ 25,527.00	
<b>Total Current Year Funding</b>			\$ -	\$ 98,825.94	\$ 53,053.40	\$ 612,426.36	\$ 98,048.81	\$ 87,140.41	\$ 2,844.00	\$ 150,228.33	\$3,415,869.40	\$ 914.67	\$ 1,115,394.19	\$ 162,029.02	\$ 270,752.24	\$ 276,105.96	\$ 6,343,632.73	\$ 6,343,632.73	\$ 6,343,632.73	\$ 6,343,632.73	\$ 6,343,632.73
<b>Carry Forward Funding</b>																					
\$ -																					
Expenditure Report OCA#	Provider Subcontract#	Funding Source: F-Federal S-State F/S-Federal and State																			
<b>Total Carry Forward Funding</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL STATE SAMH FUNDING =</b>			\$ -	\$ 98,825.94	\$ 53,053.40	\$ 612,426.36	\$ 98,048.81	\$ 87,140.41	\$ 2,844.00	\$ 150,228.33	\$3,415,869.40	\$ 914.67	\$ 1,115,394.19	\$ 162,029.02	\$ 270,752.24	\$ 276,105.96	\$ 6,343,632.73	\$ 6,343,632.73	\$ 6,343,632.73	\$ 6,343,632.73	\$ 6,343,632.73
<b>IB. OTHER GOVERNMENT FUNDING</b>																					
(1) Other State Agency Funding			\$ -	\$ 40,000.00	\$ 10,058.00	\$ 216,746.00	\$ 44,000.00	\$ 341,907.00	\$ 10,000.00	\$ 80,242.00	\$ 88,376.00	\$ 20,000.00		\$ 6,088.00		\$ 857,417.00	\$ 857,417.00		\$ 857,417.00	\$ 857,417.00	
(2) Medicaid			\$ -				\$ 350.00									\$ 350.00	\$ 350.00		\$ 350.00	\$ 350.00	
(3) Local Government			\$ -	\$ 47,944.00	\$ 50,000.00	\$ 250,000.00	\$ 50,000.00	\$ 135,000.00			\$ 434,659.00	\$ 702,856.00				\$ 1,670,459.00	\$ 1,670,459.00		\$ 1,670,459.00	\$ 1,670,459.00	
(4) Federal Grants and Contracts			\$ -	\$ 100,000.00						\$ 84,756.00						\$ 184,756.00	\$ 184,756.00		\$ 184,756.00	\$ 184,756.00	
(5) In-kind from local govt. only			\$ -													\$ -	\$ -		\$ -	\$ -	
<b>TOTAL OTHER GOVERNMENT FUNDING =</b>			\$ -	\$ 187,944.00	\$ 60,058.00	\$ 466,746.00	\$ 44,000.00	\$ 392,257.00	\$ 145,000.00	\$ 80,242.00	\$ 607,791.00	\$ 20,000.00	\$ 702,856.00	\$ -	\$ 6,088.00	\$ -	\$ 2,712,982.00	\$ 2,712,982.00	\$ -	\$ 2,712,982.00	\$ 2,712,982.00
<b>IC. ALL OTHER REVENUES</b>																					
(1) 1st & 2nd Party Payments			\$ -						\$ 4,596.00							\$ 4,596.00	\$ 4,596.00		\$ 4,596.00	\$ 4,596.00	
(2) 3rd Party Payments (except Medicare)			\$ -													\$ -	\$ -		\$ -	\$ -	
(3) Medicare			\$ -													\$ -	\$ -		\$ -	\$ -	
(4) Contributions and Donations			\$ -							\$ 6,324.00						\$ 6,324.00	\$ 6,324.00		\$ 6,324.00	\$ 6,324.00	
(5) Other			\$ -		\$ 11,451.02			\$ 5,500.36	\$ 10,184.68		\$ 10,205.21					\$ 37,341.27	\$ 37,341.27	\$ 32,487.00	\$ 37,341.27	\$ 69,828.27	
(6) In-kind			\$ -				\$ 7,620.00	\$ 50,000.00		\$ 5,298.00						\$ 62,918.00	\$ 62,918.00		\$ 62,918.00	\$ 62,918.00	
<b>TOTAL ALL OTHER REVENUES =</b>			\$ -	\$ -	\$ -	\$ 11,451.02	\$ -	\$ 7,620.00	\$ 50,000.00	\$ 10,096.36	\$ 21,806.68	\$ -	\$ 10,205.21	\$ -	\$ -	\$ -	\$ 111,179.27	\$ 111,179.27	\$ -	\$ 111,179.27	\$ 143,666.27
<b>TOTAL FUNDING =</b>			\$ -	\$ 286,769.94	\$ 113,111.40	\$ 1,090,623.38	\$ 142,048.81	\$ 487,017.41	\$ 197,844.00	\$ 240,566.69	\$4,045,467.08	\$ 20,914.67	\$ 1,828,455.40	\$ 162,029.02	\$ 276,840.24	\$ 276,105.96	\$ 9,167,794.00	\$ 9,167,794.00	\$ -	\$ 9,167,794.00	\$ 9,200,281.00

*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, 2023**

EXPENSE CATEGORIES	Mental Health Total	Assessment	Case Management	Crisis Support/ Emergency	Intervention (Indiv.)	Medical Services	Medication-Assisted Tx	Outpatient (Indiv.)	Residential II	Residential IV	Inpatient Detoxification	Incidental Expenses	Outpatient Group	Care Coordination	Substance Abuse Total	Total for State SAMH-Funded Covered Services (B+C)	Total for Non-State-Funded Covered Services (D+E)	Total for All Covered Services (D+E)	Non-SAMH Covered Services	Other Support Costs (optional)	Administration	Total Expenses (F+G+H+I+J)
A	B	01	02	04	11	12	13	14	19	21	24	28	35	A4	C	D	E	F	G	H	I	J
<b>IIA. PERSONNEL EXPENSES</b>																						
(1) Salaries	\$ -	\$ 122,436.00	\$ 78,159.00	\$ 505,008.00	\$ 60,952.00	\$ 148,346.00	\$ 162,875.00	\$ 173,390.00	\$ 1,738,087.00	\$ 6,763.00	\$ 592,781.00		\$ 145,360.00	\$ 167,311.00	\$ 3,901,468.00	\$ 3,901,468.00	\$ 3,901,468.00					\$ 3,901,468.00
(2) Fringe Benefits	\$ -	\$ 23,997.00	\$ 15,319.00	\$ 93,981.00	\$ 11,947.00	\$ 29,076.00	\$ 31,924.00	\$ 33,584.00	\$ 347,969.00	\$ 1,326.00	\$ 131,185.00		\$ 28,891.00	\$ 32,793.00	\$ 781,992.00	\$ 781,992.00	\$ 781,992.00					\$ 781,992.00
<b>TOTAL PERSONNEL EXPENSES =</b>	\$ -	\$ 146,433.00	\$ 93,478.00	\$ 598,989.00	\$ 72,899.00	\$ 177,422.00	\$ 194,799.00	\$ 206,974.00	\$ 2,086,056.00	\$ 8,089.00	\$ 723,966.00	\$ -	\$ 174,251.00	\$ 200,104.00	\$ 4,683,460.00	\$ 4,683,460.00	\$ -	\$ 4,683,460.00	\$ -	\$ -	\$ -	\$ 4,683,460.00
<b>II.B. OTHER EXPENSES</b>																						
(1) Building Occupancy	\$ -	\$ 28,987.00	\$ 21,646.00	\$ 93,430.00	\$ 12,071.00	\$ 47,152.00	\$ 56,646.00	\$ 39,317.00	\$ 303,842.00	\$ 16,329.00	\$ 146,962.00		\$ 36,646.00	\$ 24,494.00	\$ 827,522.00	\$ 827,522.00	\$ 827,522.00		\$ 31,917.00			\$ 859,439.00
(2) Professional Services	\$ -	\$ 3,879.00	\$ 3,465.00	\$ 5,818.00	\$ 1,939.00	\$ 4,525.00	\$ 6,465.00	\$ 5,172.00	\$ 11,636.00	\$ 1,293.00	\$ 11,636.00		\$ 6,878.00	\$ 1,939.00	\$ 64,645.00	\$ 64,645.00	\$ 64,645.00					\$ 64,645.00
(3) Travel	\$ -		\$ 330.00	\$ 1,652.00		\$ 1,652.00			\$ 1,654.00		\$ 330.00			\$ 991.00	\$ 6,609.00	\$ 6,609.00	\$ 6,609.00					\$ 6,609.00
(4) Equipment	\$ -														\$ -	\$ -	\$ -					\$ -
(5) Food Services	\$ -			\$ 5,807.00		\$ -			\$ 286,206.00	\$ 154.00	\$ 100,536.00				\$ 392,703.00	\$ 392,703.00	\$ 392,703.00					\$ 392,703.00
(6) Medical and Pharmacy	\$ -					\$ 80,388.00			\$ 87,859.00		\$ 233,164.00				\$ 401,411.00	\$ 401,411.00	\$ 401,411.00					\$ 401,411.00
(7) Subcontracted Services	\$ -			\$ 219,751.00		\$ 119,691.00			\$ 199,915.00		\$ 459,828.00				\$ 999,185.00	\$ 999,185.00	\$ 999,185.00					\$ 999,185.00
(8) Insurance	\$ -	\$ 17,207.00	\$ 28,678.00	\$ 25,811.00		\$ 20,075.00	\$ 28,678.00	\$ 11,943.00	\$ 111,828.00	\$ 8,604.00	\$ -		\$ 25,357.00	\$ 8,604.00	\$ 286,785.00	\$ 286,785.00	\$ 286,785.00					\$ 286,785.00
(9) Interest Paid	\$ -	\$ 6,696.00	\$ 11,160.00	\$ 10,044.00	\$ 3,349.00	\$ 7,812.00	\$ 1,159.00	\$ 20,928.00	\$ 26,784.00	\$ 232.00	\$ 21,716.00			\$ 3,348.00	\$ 113,228.00	\$ 113,228.00	\$ 113,228.00					\$ 113,228.00
(10) Operating Supplies & Expenses	\$ -	\$ 10,071.00	\$ 16,785.00	\$ 17,900.00	\$ 5,035.00	\$ 1,786.00	\$ 3,094.00	\$ 1,571.00	\$ 50,284.00	\$ 2,357.00	\$ 50,213.00		\$ 3,717.00	\$ 5,035.00	\$ 167,848.00	\$ 167,848.00	\$ 167,848.00					\$ 167,848.00
(11) Other	\$ -	\$ 23,153.00	\$ 13,815.00	\$ 25,018.00	\$ 5,529.00	\$ 16,238.00	\$ 8,429.00	\$ 21,033.00	\$ 189,191.00	\$ 7,599.00	\$ 40,937.00		\$ 332.00	\$ 12,252.00	\$ 363,526.00	\$ 363,526.00	\$ 363,526.00		\$ 25,581.00			\$ 389,107.00
(12) Donated Items	\$ -					\$ -							\$ 162,852.00		\$ 162,852.00	\$ 162,852.00	\$ 162,852.00					\$ 162,852.00
<b>TOTAL OTHER EXPENSES =</b>	\$ -	\$ 89,993.00	\$ 95,879.00	\$ 405,231.00	\$ 27,923.00	\$ 299,319.00	\$ 104,471.00	\$ 99,964.00	\$ 1,269,199.00	\$ 36,568.00	\$ 1,065,322.00	\$ 162,852.00	\$ 72,930.00	\$ 56,663.00	\$ 3,786,314.00	\$ 3,786,314.00	\$ -	\$ 3,786,314.00	\$ 57,498.00	\$ -	\$ -	\$ 3,843,812.00
<b>TOT. PERSONNEL &amp; OTH. EXP. =</b>	\$ -	\$ 236,426.00	\$ 189,357.00	\$ 1,004,220.00	\$ 100,822.00	\$ 476,741.00	\$ 299,270.00	\$ 306,938.00	\$ 3,355,255.00	\$ 44,657.00	\$ 1,789,288.00	\$ 162,852.00	\$ 247,181.00	\$ 256,767.00	\$ 8,469,774.00	\$ 8,469,774.00	\$ -	\$ 8,469,774.00	\$ 57,498.00	\$ -	\$ -	\$ 8,527,272.00
<b>II.C. DISTRIBUTED INDIRECT COSTS</b>																						
(a) Other Support Costs (Optional)	\$ -														\$ -	\$ -	\$ -		\$ -			\$ -
(b) Administration	\$ -	\$ 31,481.00	\$ 31,481.00	\$ 78,407.00	\$ 15,740.00	\$ 49,533.00	\$ 31,481.00	\$ 55,091.00	\$ 375,024.00		\$ 27,404.00		\$ 23,611.00	\$ 55,091.00	\$ 774,344.00	\$ 774,344.00	\$ 774,344.00				\$ -	\$ 774,344.00
<b>TOT. DISTRD INDIRECT COSTS =</b>	\$ -	\$ 31,481.00	\$ 31,481.00	\$ 78,407.00	\$ 15,740.00	\$ 49,533.00	\$ 31,481.00	\$ 55,091.00	\$ 375,024.00	\$ -	\$ 27,404.00	\$ -	\$ 23,611.00	\$ 55,091.00	\$ 774,344.00	\$ 774,344.00	\$ -	\$ 774,344.00	\$ -	XXXXXXXXXX	XXXXXXXXXX	
<b>TOTAL ACTUAL OPER. EXPENSES =</b>	\$ -	\$ 267,907.00	\$ 220,838.00	\$ 1,082,627.00	\$ 116,562.00	\$ 526,274.00	\$ 330,751.00	\$ 362,029.00	\$ 3,730,279.00	\$ 44,657.00	\$ 1,816,692.00	\$ 162,852.00	\$ 270,792.00	\$ 311,858.00	\$ 9,244,118.00	\$ 9,244,118.00	\$ -	\$ 9,244,118.00	\$ 57,498.00	\$ 0.00	\$ 0.00	\$ 9,301,616.00
<b>II.D. UNALLOWABLE COSTS</b>	\$ -												\$ -	\$ -			\$ -		XXXXXXXXXX	XXXXXXXXXX		\$ -
<b>TOT. ALLOWABLE OPER. EXP. =</b>	\$ -	\$ 267,907.00	\$ 220,838.00	\$ 1,082,627.00	\$ 116,562.00	\$ 526,274.00	\$ 330,751.00	\$ 362,029.00	\$ 3,730,279.00	\$ 44,657.00	\$ 1,816,692.00	\$ 162,852.00	\$ 270,792.00	\$ 311,858.00	\$ 9,244,118.00	\$ 9,244,118.00	\$ -	\$ 9,244,118.00	\$ 57,498.00	XXXXXXXXXX	XXXXXXXXXX	\$ 9,301,616.00
<b>II.E. CAPITAL EXPENDITURES</b>																						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,309.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,309.46	\$ 74,309.46	\$ 74,309.46					\$ 74,309.46

*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*

	Assessment	Case Management	Crisis Support / Emergency	Intervention (Individual)	Medical Services	Medication Assisted Tx	Outpatient (Indiv.)	Residential II	Residential IV	Inpatient Detoxification	Incidental Expenses	Outpatient Group	Care Coordination	Total
Revenues from Grantee:														
DCF/SEFBHN funding	\$ 98,826	\$ 53,053	\$ 612,426	\$ 98,049	\$ 87,140	\$ 2,844	\$ 150,228	\$ 3,415,869	\$ 915	\$ 1,115,394	\$ 162,029	\$ 270,752	\$ 276,106	\$ 6,343,633
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Total Revenue from Grantee	<u>98,826</u>	<u>53,053</u>	<u>612,426</u>	<u>98,049</u>	<u>87,140</u>	<u>2,844</u>	<u>150,228</u>	<u>3,415,869</u>	<u>915</u>	<u>1,115,394</u>	<u>162,029</u>	<u>270,752</u>	<u>276,106</u>	<u>6,343,633</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*

*For the Year Ended June 30, 2023*

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### **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 statement financial assistance are reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*.
5. The auditor's report on compliance for the major federal award programs for the Drug Abuse Foundation of Palm Beach County, Inc. expressed an unmodified opinion on all major federal programs.
6. Our audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the *Uniform Guidance*.
7. The programs tested as major programs include Substance Abuse Services, CFDA #93.959.
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 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. No corrective action plan is required because there were no findings required to be reported under the Federal.



# *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 ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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**

#### ***Opinion on Each Major Federal Program***

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* that could have a direct and material effect on each of Drug Abuse Foundation of Palm Beach County, Inc.'s major federal programs for the year ended June 30, 2023. Drug Abuse Foundation of Palm Beach County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs – Federal Program.

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 for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under 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. 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.



## ***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 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, 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, 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 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 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 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.

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

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. Accordingly, this report is not suitable for any other purpose.

*MARI HUFF CPA PA*

Mari Huff, C.P.A., P.A.  
Stuart, Florida  
January 4, 2024



# *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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2024.

### ***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 4, 2024