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January 30, 2014

Board of Directors
Allen County Drug & Alcohol Consortium, Inc.
532 West Jefferson Blvd.
Fort Wayne, IN 46802

We have reviewed the audit report prepared by L.M. Henderson & Company, LLP, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Allen County Drug & Alcohol Consortium, Inc., as of December 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Financial Statements
Year Ended December 31, 2008

Certified Public Accountants

450 E. 96th Street - Suite 200

Indianapolis, IN 46240

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William J. Blaser
James J. Cline, Jr.
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Independent Auditor's Report

Board of Directors
Allen County Drug & Alcohol Consortium, Inc.
532 West Jefferson Blvd.
Fort Wayne, IN 46802

We have audited the accompanying statement of financial position of Allen County Drug & Alcohol Consortium, Inc. (an Indiana non-profit organization) as of December 31, 2008, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allen County Drug & Alcohol Consortium, Inc. as of December 31, 2008, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedule is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

L.M. Henderson & Company, LLP
Certified Public Accountants

August 3, 2009

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.Balance Sheet
at December 31, 2008ASSETSCURRENT ASSETS:

Cash - checking	\$	100,718
Cash - savings		32,346
Cash - FDIC deposit sweep option		150,460
Total cash and cash equivalents - Exhibit C		<u>283,524</u>
Prepaid expense		<u>10,000</u>
Total current assets		<u>293,524</u>

PROPERTY AND EQUIPMENT:

Equipment		17,444
Leasehold improvements		<u>52,706</u>
		70,150
Less: Accumulated depreciation		<u>13,475</u>
Total property and equipment		<u>56,675</u>
	\$	<u><u>350,199</u></u>

LIABILITIES AND NET ASSETSCURRENT LIABILITIES:

Accounts payable	\$	9,006
Intervention fund payable		34,647
Accrued payroll		7,800
Payroll tax withholdings		<u>5,335</u>
Total current liabilities		<u>56,788</u>

NET ASSETS:

Unrestricted		118,821
Temporarily restricted		<u>174,590</u>
Total net assets		<u>293,411</u>
	\$	<u><u>350,199</u></u>

See Notes to Financial Statements.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.Statement of Changes in Net Assets
Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
<u>REVENUE:</u>			
DFC	\$ 87,586	\$ -	\$ 87,586
DFI	60,513	74,730	135,243
SPF-SIG	-	186,668	186,668
ATR	30,877	-	30,877
CSAP	-	12,500	12,500
Returned grant	6,838	-	6,838
In-kind contributions	7,600	-	7,600
Other contributions	330	-	330
Interest income	3,011	-	3,011
Net assets released from restriction:			
Satisfaction of-temporary restriction	160,890	(160,890)	-
Total revenue	<u>357,645</u>	<u>113,008</u>	<u>470,653</u>
<u>EXPENSES:</u>			
Program expenses:			
DFC	78,257	-	78,257
DFI	101,268	-	101,268
SPF-SIG	94,006	-	94,006
ATR	47,323	-	47,323
CSAP	19,110	-	19,110
Other	511	-	511
Total program expenses	<u>340,475</u>	<u>-</u>	<u>340,475</u>
<u>CHANGES IN NET ASSETS</u>	17,170	113,008	130,178
Net assets, beginning of year, as previously reported	112,923	46,214	159,137
Prior-period adjustment - Note 9	(11,272)	15,368	4,096
Net assets, beginning of year, as restated	<u>101,651</u>	<u>61,582</u>	<u>163,233</u>
Net assets, end of year - Exhibit A	<u>\$ 118,821</u>	<u>\$ 174,590</u>	<u>\$ 293,411</u>

See Notes to Financial Statements.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Statement of Cash Flows
Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets - Exhibit B	\$ 130,178
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	8,206
Changes in other assets and liabilities:	
Increase in prepaid expense	(10,000)
Decrease in accounts payable	(1,111)
Decrease in intervention fund payable	(14,119)
Increase in accrued payroll	4,485
Increase in payroll tax withholdings	3,011
Total adjustments	(9,528)
Net cash provided by operating activities	120,650

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures	(1,284)
Net cash used in investing activities	(1,284)

NET INCREASE IN CASH AND CASH EQUIVALENTS

119,366

CASH AND CASH EQUIVALENTS:

Beginning of year	164,158
End of year - Exhibit A	\$ 283,524

See Notes to Financial Statements.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Notes to Financial Statements
December 31, 2008

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Significant accounting policies followed by Allen County Drug & Alcohol Consortium, Inc. (DAC) are listed below:

- (a) DAC provides intelligence, communication and coordination to reduce alcohol, tobacco, and other drug abuse in Allen County.
- (b) The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of DAC and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the DAC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor imposed stipulations that may be retained and invested permanently by the DAC. There are no permanently restricted net assets as of December 31, 2008.

The DAC records contributions whose restrictions are met in the same period as unrestricted.

- (c) All items of assets are shown at cost.
- (d) Depreciation is computed using both straight-line and accelerated methods over the estimated useful lives of the respective assets. For the year ended December 31, 2008, depreciation expense was \$8,206.
- (e) Donated materials are reflected in the accompanying financial statements at their estimated values at date of receipt. Donated services performed by individuals that are engaged in a business that normally provides that service for a profit have been recorded based on the amounts the business normally charges for that service. No amounts have been reflected in the financial statements for donated services for which no objective basis is available to measure their value; however, a substantial number of volunteers have donated significant amounts of their time in DAC's program services.
- (f) For purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.
- (g) At certain times during the year, DAC maintained cash deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits. Effective October 2008, the FDIC insured limit was increased from \$100,000 to \$250,000, which also provided for unlimited coverage on non-interest bearing transaction accounts, until December 31, 2013.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Notes to Financial Statements
December 31, 2008

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- (h) The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (i) Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses were \$28,355 at December 31, 2008.

Note 2: ORGANIZATION ACTIVITIES:

Allen County Drug & Alcohol Consortium, Inc. (DAC) was formed in 1990 and operates with a Board of Directors, an Executive Director and eight committees. DAC's mission is to work collectively with other organizations to reduce the negative effect of drugs and alcohol.

Drug-Free Indiana (DFI): DAC, as one of 92 county-based coordinating councils in Indiana, DFI consists of ninety-two local coordinating councils defined by statute, submits an annual Comprehensive Plan and is approved by the state to receive county-based funds in order to focus on Intervention, Prevention and Law Enforcement.

Drug Free Communities Support Program (DFC): DFC is a federal five-year grant that flows directly to DAC in order to mobilize the community to prevent and reduce underage-substance-abuse-by focusing on secondary education/school communities.

Center for Substance Abuse Prevention (CSAP): DAC received a three-year grant from 2005 to 2008 through the government contractor McFarland and Associates to utilize minority faith-based approaches to reduce substance abuse and sexually transmitted diseases in Allen County.

Strategic Prevention Framework State Incentive Grant (SPF-SIG): Indiana received a federal grant and has subcontracted with DAC to mobilize Allen County to reduce alcohol abuse with a particular focus on binge drinking by 18 - 25 year olds.

Access to Recovery (ATR): DAC is a fee-for-service subcontractor to Indiana's Division of Mental Health & Addiction (DMHA) as a gatekeeper and care coordinator for eligible, high-risk clients who are actively working on addictions recovery and relapse prevention.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Notes to Financial Statements
December 31, 2008

Note 3: LEASE COMMITMENTS:

At December 31, 2008, DAC was committed to meet minimum lease payments with Old Market, LLC. The lease term expires in July 2012 with monthly lease payments of \$1,016 for the first 30 months. Total rent expense for the year ended December 31, 2008 was \$10,362.

Future minimum rental payments under the lease agreement are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u>
2009	\$ 12,192
2010	13,842
2011	13,992
2012	<u>8,162</u>
Total	<u>\$ 48,188</u>

Note 4: EQUIPMENT LINE OF CREDIT:

DAC had a revolving line of credit with Dell Business Credit that bore interest at 12.54%. The maximum line of credit balance was \$50,000, and was secured by all assets of DAC. The balance on the line of credit was \$1,284 at December 31, 2008 and is included in accounts payable.

Note 5: PROPERTY AND EQUIPMENT:

The following is a summary of equipment, at cost (or fair market value if transferred under a grant or donated), less accumulated depreciation:

December 31, 2008

<u>Description</u>	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Book</u> <u>Value</u>
Leasehold improvements	\$ 52,706	\$ 5,271	\$ 47,435
Equipment	<u>17,444</u>	<u>8,204</u>	<u>9,240</u>
Totals	<u>\$ 70,150</u>	<u>\$ 13,475</u>	<u>\$ 56,675</u>

Note 6: FUNCTIONAL EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Notes to Financial Statements
December 31, 2008

Note 7: NET ASSETS:

Temporarily restricted net assets at December 31, 2008 were available for the following purposes:

	<u>December 31,</u> <u>2008</u>
DFI	\$ 74,074
SPF-SIG	<u>100,516</u>
	<u>\$ 174,590</u>

Note 8: TAX STATUS:

DAC has been determined by the Internal Revenue Service to be tax exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, contributions made to DAC qualify as charitable deductions as described in Section 170(c) of the Code. DAC has been classified as an organization that is not a private foundation under Section 509(a) of the Code.

Note 9: PRIOR-PERIOD ADJUSTMENT:

DAC's net assets at December 31, 2007 have been restated to correct an error in calculating accounts payable, accrued payroll and classification of expenses. The effect of the restatement was a decrease to unrestricted net assets by \$11,272 and an increase to temporarily restricted net assets.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Supplementary Information
Year Ended December 31, 2008

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Schedule of Functional Expenses
Year Ended December 31, 2008

	DFC	DFI	SPF-SIG	ATR	CSAP	Other	Total
Salaries and wages	\$ 16,604	\$ 58,867	\$ 34,716	\$ 39,244	\$ 1,509	\$ -	\$ 150,940
Payroll taxes	1,726	2,934	2,071	1,898	-	-	8,629
Bank charges	-	220	-	-	-	-	220
Depreciation	-	4,185	4,021	-	-	-	8,206
Equipment expense	-	149	635	-	-	-	784
Insurance	115	118	1,509	-	-	-	1,742
Justice committee	-	3,609	-	-	-	-	3,609
Prevention committee	-	51	-	-	-	-	51
PSA	20,008	-	57	-	8,290	-	28,355
Professional fees	588	13,474	10,604	1,020	-	-	25,686
Accounting	-	3,840	-	-	-	-	3,840
Administrative assistant	-	-	2,626	-	-	-	2,626
Media	960	-	-	-	-	-	960
Site coordinator	8,895	-	2,965	-	-	-	11,860
Technical assistant	-	-	2,500	-	-	-	2,500
Miscellaneous	7,072	380	2,650	152	-	-	10,254
Office space	2,714	9,337	7,087	1,013	243	-	20,394
Postage	-	-	103	-	-	-	103
Printing and publications	11,177	-	33	-	-	-	11,210
Supplies	999	1,713	7,944	1,633	5,143	511	17,943
Community meeting supplies	255	-	-	-	-	-	255
Training & scholarships	1,244	287	2,294	-	1,373	-	5,198
Telephone	1,020	1,416	2,012	1,836	-	-	6,284
Technology updates & support	-	-	333	-	-	-	333
Travel	4,880	688	9,846	527	2,552	-	18,493
Total expenses	\$ 78,257	\$ 101,268	\$ 94,006	\$ 47,323	\$ 19,110	\$ 511	\$ 340,475