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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2009 to December 31, 2009. 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, 2009, 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, 2009 with  
Comparative Totals for the  
Year Ended December 31, 2008

CERTIFIED PUBLIC ACCOUNTANTS

William J. Blaser  
James J. Cline, Jr.  
Michael A. Rasor  
Michelle L. Zimmerman  
Robert A. Zurface

450 E. 96th Street, Suite 200  
Indianapolis, IN 46240  
Telephone: 317.566.1000  
Fax: 317.566.1700

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, 2009, 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. The prior-year summarized comparative information has been derived from the Organization's 2008 financial statements and in our report dated August 3, 2009, we expressed an unqualified opinion on those financial statements - Note 1.

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, 2009, 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

July 27, 2010

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Balance Sheet  
at December 31, 2009 with Comparative Totals at December 31, 2008

	<u>December 31,</u> 2009	<u>December 31,</u> 2008
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash - checking	\$ 57,359	\$ 100,718
Cash - savings	7,377	32,346
Cash - FDIC deposit sweep option	125,725	150,460
Total cash and cash equivalents - Exhibit C	190,461	283,524
Grants and accounts receivable	17,085	10,381
Prepaid expense	13,437	10,000
Total current assets	220,983	303,905
<u>PROPERTY AND EQUIPMENT:</u>		
Equipment	17,444	17,444
Leasehold improvements	52,706	52,706
	70,150	70,150
Less: Accumulated depreciation	20,298	13,475
Total property and equipment	49,852	56,675
	\$ 270,835	\$ 360,580
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 14,281	\$ 9,006
Accrued payroll	8,259	7,800
Payroll tax withholdings	5,286	5,335
Total current liabilities	27,826	22,141
<u>NET ASSETS:</u>		
Unrestricted	62,791	129,202
Temporarily restricted - Note 7	180,218	209,237
Total net assets - Exhibit B	243,009	338,439
	\$ 270,835	\$ 360,580

See Notes to Financial Statements.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Statement of Changes in Net Assets  
Year Ended December 31, 2009 with Comparative Totals for the Year Ended December 31, 2008

	Year Ended December 31, 2009		Totals for the Year Ended	
	Unrestricted	Temporarily Restricted	December 31, 2009	December 31, 2008
<b>REVENUE:</b>				
General grant	\$ 27,253	\$ -	\$ 27,253	\$ -
DFC	76,993	-	76,993	87,586
DFI	-	77,860	77,860	218,656
SPF-SIG	-	116,240	116,240	186,668
ATR	143,943	-	143,943	41,258
CSAP	-	-	-	12,500
Returned grant	-	-	-	6,838
In-kind contributions	38,357	34,568	72,925	7,600
Other contributions	-	-	-	330
Interest income	360	-	360	3,011
Net assets released from restriction:				
Satisfaction of temporary restriction	257,687	(257,687)	-	-
Total revenue	<u>544,593</u>	<u>(29,019)</u>	<u>515,574</u>	<u>564,447</u>
<b>EXPENSES:</b>				
Program expenses:				
General grant	78,964	-	78,964	-
DFC	89,169	-	89,169	78,257
DFI	83,405	-	83,405	150,034
SPF-SIG	174,282	-	174,282	94,006
ATR	185,184	-	185,184	47,323
CSAP	-	-	-	19,110
Other	-	-	-	511
Total program expenses	<u>611,004</u>	<u>-</u>	<u>611,004</u>	<u>389,241</u>
<b>CHANGES IN NET ASSETS</b>	(66,411)	(29,019)	(95,430)	175,206
Net assets, beginning of year	129,202	209,237	338,439	159,137
Prior-period adjustments - Note 10	-	-	-	4,096
Net assets, beginning of year, as restated	<u>129,202</u>	<u>209,237</u>	<u>338,439</u>	<u>163,233</u>
Net assets, end of year - Exhibit A	<u>\$ 62,791</u>	<u>\$ 180,218</u>	<u>\$ 243,009</u>	<u>\$ 338,439</u>

See Notes to Financial Statements.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.Statement of Cash FlowsYear Ended December 31, 2009 with Comparative Totals for the Year Ended December 31, 2008

	Year Ended	
	December 31, 2009	December 31, 2008
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Changes in net assets - Exhibit B	\$ (95,430)	\$ 175,206
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,823	8,206
Reclassification of net assets - intervention fund	-	(48,766)
Changes in other assets and liabilities:		
Increase in grants and accounts receivable	(6,704)	(10,381)
Increase in prepaid expense	(3,437)	(10,000)
Increase (decrease) in accounts payable	5,275	(1,111)
Increase in accrued payroll	459	4,485
Increase (decrease) in payroll tax withholdings	(49)	3,011
Total adjustments	<u>2,367</u>	<u>(54,556)</u>
Net cash provided by (used in) operating activities	<u>(93,063)</u>	<u>120,650</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Capital expenditures	-	(1,284)
Net cash used in investing activities	<u>-</u>	<u>(1,284)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(93,063)	119,366
<u>CASH AND CASH EQUIVALENTS:</u>		
Beginning of year	<u>283,524</u>	<u>164,158</u>
End of year - Exhibit A	<u>\$ 190,461</u>	<u>\$ 283,524</u>

See Notes to Financial Statements.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Notes to Financial Statements  
December 31, 2009 and 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, 2009.

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 years ended December 31, 2009 and December 31, 2008, depreciation expense was \$6,823 and \$8,206, respectively.
- (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) Grants receivable and accounts receivable are due to be collected over the next year in the amount of \$17,085. Management considers all grants receivable and accounts receivable to be fully collected. Accordingly, an allowance for doubtful accounts was not necessary at December 31, 2009.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Notes to Financial Statements  
December 31, 2009 and December 31, 2008

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

- (h) 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.
- (i) 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.
- (j) Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses were \$48,334 and \$28,355 at December 31, 2009 and December 31, 2008, respectively.
- (k) Management has evaluated subsequent events through July 27, 2010, the date the financial statements were available to be issued.

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): As one of 92 county-based coordinating councils defined by statute in Indiana, DAC 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.

STOP Act: On September 30, 2009, DAC was awarded a grant for an Empowering School Communities project from the Department of Health and Human Services (Substance Abuse and Mental Health Services Administration). The grant is reimbursable as expenditures are made and ends in September 2013. No expenses were incurred as of December 31, 2009, therefore no receivable is recorded at December 31, 2009.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Notes to Financial Statements  
December 31, 2009 and December 31, 2008

Note 3: LEASE COMMITMENTS:

At December 31, 2009, 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 years ended December 31, 2009 and December 31, 2008 was \$17,564 and \$10,542, respectively.

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

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2010	\$ 13,842
2011	13,992
2012	<u>8,162</u>
Total	<u>\$ 35,996</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 \$-0- and \$1,284 at December 31, 2009 and December 31, 2008, respectively 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:

	Estimated useful life	<u>Year Ended</u>	
		<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Equipment	(5-7 years)	\$ 17,444	\$ 17,444
Leasehold improvements	( 15 years)	52,706	52,706
Less: Accumulated depreciation		<u>(20,298)</u>	<u>(13,475)</u>
		<u>\$ 49,852</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, 2009 and December 31, 2008

Note 7: NET ASSETS:

Temporarily restricted net assets at December 31, 2009 and December 31, 2008 were available for the following purposes:

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
DFI	\$ 103,176	\$ 108,721
SPF-SIG	<u>77,042</u>	<u>100,516</u>
Totals	<u>\$ 180,218</u>	<u>\$ 209,237</u>

In addition, during July 2009, \$63,368 was released from DFI temporarily restricted net assets into the DAC general grant unrestricted net assets fund.

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. The tax years 2008, 2007, and 2006 remain subject to examination by major tax jurisdictions.

Note 9: RELATED PARTY TRANSACTIONS:

Transactions involving related parties have been determined to have been carried out on an arm's length basis.

Note 10: PRIOR-PERIOD ADJUSTMENTS:

DAC's net assets at December 31, 2008 have been restated to correct an error in recording accounts receivable at year end. The effect of the restatement was an increase in accounts receivable by \$10,381 and unrestricted net assets \$10,381. In addition, there was a decrease in accounts payable by \$34,647 and an increase in temporarily restricted net assets by \$34,647 to properly record the Intervention fund activity. There was an increase in revenue by \$48,766 and an increase in DFI intervention committee expense by \$48,766.

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Supplementary Information  
Year Ended December 31, 2009 with  
Comparative Totals for the  
Year Ended December 31, 2008

ALLEN COUNTY DRUG & ALCOHOL CONSORTIUM, INC.

Schedule of Functional Expenses  
Year Ended December 31, 2009 with Comparative Totals for the Year Ended December 31, 2008

	General Grant	December 31, 2009				December 31, 2008	
		DFC	DFI	SPF-SIG	ATR	2009	2008
Salaries and wages	\$ 52,316	\$ 20,460	-	\$ 45,905	\$ 131,442	\$ 250,123	\$ 150,940
Payroll taxes	5,251	1,686	-	3,715	11,080	21,732	8,629
Bank charges	92	-	-	-	-	92	220
Depreciation	4,334	-	-	2,489	-	6,823	8,206
Equipment expense	404	71	-	101	-	576	784
Insurance	635	122	-	1,437	1,292	3,486	1,742
Intervention committee	-	-	73,961	-	-	73,961	48,766
Justice committee	-	-	971	-	-	971	3,609
Prevention committee	-	-	3,749	-	-	3,749	51
PSA	-	28,354	-	19,980	-	48,334	28,355
Professional fees	214	-	-	17,412	-	17,626	25,686
Accounting	3,092	4,496	4,279	26,322	1,162	39,351	3,840
Administrative assistant	432	93	14	7,890	54	8,483	2,626
Media	-	968	-	967	-	1,935	960
Site coordinator	-	9,650	-	-	-	9,650	11,860
Technical assistant	-	-	-	1,000	-	1,000	2,500
Miscellaneous	1,766	1,931	-	540	82	4,319	10,254
Miscellaneous grants	-	-	-	15,000	-	15,000	-
Office space	7,157	2,550	-	7,859	12,640	30,206	20,394
Postage	91	-	-	104	-	195	103
Printing and publications	-	11,562	-	513	-	12,075	11,210
Supplies	1,188	1,491	-	15,973	20,598	39,250	17,943
Community meeting supplies	7	2,988	-	2,376	-	5,371	255
Training & scholarships	129	(378)	431	944	-	1,126	5,198
Telephone	1,286	1,331	-	1,474	5,687	9,778	6,284
Technology updates & support	111	74	-	691	64	940	333
Travel	459	1,720	-	1,590	1,083	4,852	18,493
<b>Total expenses</b>	<b>\$ 78,964</b>	<b>\$ 89,169</b>	<b>\$ 83,405</b>	<b>\$ 174,282</b>	<b>\$ 185,184</b>	<b>\$ 611,004</b>	<b>\$ 389,241</b>