



BERBERICH TRAHAN & CO., P.A.  
*Certified Public Accountants*

**DCCCA, INC.**

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**FINANCIAL STATEMENTS**  
WITH SUPPLEMENTARY INFORMATION  
**YEAR ENDED JUNE 30, 2010**

DCCCA, INC.

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

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BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
DCCCA, Inc.

We have audited the accompanying statement of financial position of DCCCA, Inc. as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of DCCCA, Inc.'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 DCCCA, Inc. at June 30, 2010, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2010 on our consideration of DCCCA, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements of DCCCA, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Berberich Trahan & Co., P.A.*

December 15, 2010

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DCCCA, INC.

Statement of Financial Position

June 30, 2010

Assets

Current assets:

Cash and cash equivalents	\$ 2,852,539
Short-term investments	3,111,540
Accounts receivable:	
Grants and contracts (net of allowance for doubtful accounts of \$27,588)	2,557,858
Client and Medicaid (net of allowance for doubtful accounts of \$13,440)	59,967
Accrued interest	99,757
Prepaid expenses	165,911
Current portion of long-term note receivable	<u>14,525</u>
Total current assets	<u>8,862,097</u>

Long-term note receivable	228,890
Long-term restricted investments	40,343
Long-term investments	17,642,961

Property and equipment:

Buildings	10,137,169
Leasehold improvements	75,175
Furniture, fixtures and equipment	<u>1,400,695</u>

Less accumulated depreciation (5,289,189)

Land	4,180,257
Property held for investment	<u>709,858</u>
Net property and equipment	<u>11,213,965</u>

Total assets \$37,988,256

**DCCCA, INC.**

Statement of Financial Position

(Continued)

June 30, 2010

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 393,831
Accrued expenses	1,382,480
Deferred revenue	<u>1,655,865</u>
Total current liabilities	3,432,176
Long-term accrued expenses	<u>430,956</u>
Total liabilities	<u>3,863,132</u>
Net assets:	
Unrestricted:	
Undesignated	16,482,163
Board designated	<u>17,642,961</u>
Total net assets	<u>34,125,124</u>
Total liabilities and net assets	<u>\$37,988,256</u>

The accompanying notes are an integral part of these financial statements

**DCCCA, INC.**

Statement of Activities  
For the Year Ended June 30, 2010

Changes in net assets:	
Unrestricted revenues and support:	
Contracts	\$ 9,287,459
Program fees	7,427,296
Grants	2,933,340
Rental income	344,897
Contributions	49,676
Other	103,227
Net investment income	1,126,661
Net loss on sale of assets	(707)
Insurance proceeds	<u>280,116</u>
Total unrestricted revenues and support	<u>21,551,965</u>
Expenses:	
Program:	
Prevention	10,939,797
Intervention	6,629,092
Operations	<u>604,825</u>
Total program expenses	18,173,714
Management and general	<u>2,381,266</u>
Total expenses	<u>20,554,980</u>
Increase in net assets	996,985
Net assets, beginning of year	<u>33,128,139</u>
Net assets, end of year	<u>\$34,125,124</u>

The accompanying notes are an integral part of these financial statements

## DCCCA, INC.

### Statement of Cash Flows For the Year Ended June 30, 2010

Cash flows from operating activities:	
Change in net assets	\$ 996,985
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	646,112
Gain on disposal of property and equipment	(3,751)
Change in fair value of investments	(909,790)
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	995,787
Accrued interest	(43,172)
Prepaid expenses	(7,278)
Increase (decrease) in:	
Accounts payable	(650,636)
Accrued expenses	(246,341)
Deferred revenue	<u>375,317</u>
Net cash provided by operating activities	<u>1,153,233</u>
Cash flows from investing activities:	
Purchases of investments	(23,040,352)
Note receivable	149,249
Proceeds from sale of investments	14,390,018
Purchases of property and equipment	(336,704)
Proceeds from disposal of property and equipment	<u>19,375</u>
Net cash used by investing activities	<u>(8,818,414)</u>
Net decrease in cash and cash equivalents	<u>(7,665,181)</u>
Cash and cash equivalents, beginning of year	<u>10,517,720</u>
Cash and cash equivalents, end of year	<u>\$ 2,852,539</u>

The accompanying notes are an integral part of these financial statements

# DCCCA, INC.

## Notes to the Financial Statements

June 30, 2010

### 1. **Organization and Summary of Significant Accounting Policies**

#### Organization

DCCCA, Inc. (DCCCA) was organized in Kansas in 1974 as a nonprofit corporation for the purpose of providing leadership and coordination in reducing the incidence and prevalence of alcohol and drug abuse and associated conditions in families and individuals.

DCCCA approaches this widespread problem by using a variety of prevention and intervention techniques. In order to accomplish its mission, DCCCA understands that it must consider the full spectrum of causal agents that contribute to abusive lifestyles. It is imperative that DCCCA addresses the total person as they relate to their environment, and to provide services in a variety of social service modalities to reach the target population.

#### Basis of Presentation

DCCCA's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of DCCCA and changes therein are classified 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 DCCCA and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the assets be maintained permanently by DCCCA. Generally, the donors of the assets permit DCCCA to use all or part of the income earned on related investments for general or specific purposes.

At June 30, 2010, DCCCA had no temporarily or permanently restricted net assets.

#### Grants and Contracts

Monies from grants or contracts, restricted to specific purposes, are deemed to be earned and are reported as revenues when DCCCA has incurred expenditures in compliance with the program requirements and objectives. Amounts received, but not yet earned, are reported as deferred revenue on the statement of financial position.

DCCCA receives significant federal financial assistance passed through state and local agencies in the form of grants and contracts. The disbursement of funds received under these awards generally requires compliance with terms and conditions as specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of DCCCA. However, in the opinion of management, any such disallowed claims will not have a material effect on DCCCA's financial position.

# DCCCA, INC.

## Notes to the Financial Statements

June 30, 2010

(Continued)

### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, DCCCA considers all short-term investments with an original maturity of three months or less to be cash equivalents. DCCCA made no cash payments for income taxes or interest during the year ended June 30, 2010.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

#### Investments

Investments in equity and debt securities are valued at their fair values in the statement of financial position based upon quoted market prices. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized changes in fair values are included in the change in net assets. DCCCA maintains a significant portion of its total investments in a combination of stocks, bonds, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk.

The disclosure provisions of the Fair Value Measurements and Disclosures Topic of the FASB ASC 820 establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
Level 3	Prices or valuations that require inputs that are both significant to fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Additional disclosures are included in Note 3.

# DCCCA, INC.

## Notes to the Financial Statements

June 30, 2010

(Continued)

### 1. **Organization and Summary of Significant Accounting Policies** (Continued)

#### Investments (Continued)

Fair values for DCCCA's level 1 investments are determined by quoted market prices. Fair values of assets measured on a recurring basis for DCCCA's level 2 investments are determined based on the market values of similar investments by pricing services used by DCCCA's investment managers. Fair value of assets measured on a nonrecurring basis are based on appraised value. There have been no changes in methodologies during the year ended June 30, 2010.

#### Property and Equipment

Property and equipment, except for property held for investment, are stated at cost. Assets with a cost greater than \$ 2,000 are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which vary from two to ten years for leasehold improvements and furniture, fixtures and equipment, and two to forty years for buildings and building improvements. Property held for investment is stated at the lower of cost or market.

Maintenance, repairs and minor renewals are expensed as incurred, while expenditures for major additions and improvements are capitalized. When assets are disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

#### Accrued Vacation and Sick Pay

Employees are granted vacation and sick leave in varying amounts, based on length of service. In the event of termination or separation, an employee is paid for all accumulated vacation. If years of service and other qualifications are met, the employee is paid for accrued sick pay. It is the policy of DCCCA to record both vacation pay and qualified sick pay as an expense as it is earned. The amount of earned but unused accumulated vacation pay and qualified sick pay is included in accrued expenses on the statement of financial position.

#### Contributions

Contributions received are measured at fair value and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated by the donor as support for future periods. When the donor restriction expires, either due to time or because the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of DCCCA are recorded as permanently restricted net assets.

## DCCCA, INC.

### Notes to the Financial Statements

June 30, 2010

(Continued)

#### 1. Organization and Summary of Significant Accounting Policies (Continued)

##### Donated Supplies

DCCCA receives donated supplies from a company who distributes such supplies to organizations who serve persons who are ill, needy or minors. The fair value of the contributed supplies is included in the financial statements as contributions revenue. For the year ended June 30, 2010, DCCCA recognized \$20,118 in contributions revenue for the donation of such supplies.

##### Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Internally, management allocates a significant portion of management and general expenses and operations to program activities.

##### Advertising

Advertising costs are expensed when incurred. During the year ended June 30, 2010, \$20,406 was expensed and is included in the statement of functional expenses.

##### Tax-Exempt Status

DCCCA has received a determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Kansas recognizes IRS determinations. DCCCA has not been classified as a private foundation.

DCCCA files a Form 990 (Return of Organization Exempt from Income Tax) annually. When this return is filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to not for profit organizations include such matters as the following: the tax exempt status of the entity and the nature, characterization and taxability of various positions relative to potential sources of unrelated business taxable income. Unrelated business taxable income is reported on Form 990T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

# DCCCA, INC.

## Notes to the Financial Statements

June 30, 2010

(Continued)

### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### Tax-Exempt Status (Continued)

Tax positions are not offset or aggregated with other positions. Tax positions that meet the “more likely than not” recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of June 30, 2010, there were no uncertain tax benefits identified and recorded as a liability.

Forms 990 and 990T filed by DCCCA are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by DCCCA are no longer subject to examination for the fiscal years ended 2006 and prior.

#### Use of Estimates

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.

### 2. Investments

Short-term investments at June 30, 2010 are stated at fair value and are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 14,735	\$ 14,735
U.S. Government obligations	921,200	915,862
Time Deposits	988,616	989,296
Corporate bonds	<u>1,191,039</u>	<u>1,191,647</u>
	<u>\$3,115,590</u>	<u>\$3,111,540</u>

The following schedule summarizes the investment return for short-term investments and its classification in the statement of activities for the year ended June 30, 2010.

	<u>Unrestricted</u>
Interest and dividend income and realized gains	\$47,731
Investment fees	(7,140)
Change in fair value of investments	<u>(4,050)</u>
	<u>\$36,541</u>

**DCCCA, INC.**

Notes to the Financial Statements

June 30, 2010

(Continued)

**2. Investments** (Continued)

Long-term investments at June 30, 2010 are stated at fair value and are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 1,509,724	\$ 1,509,724
U.S. Government obligations	3,369,060	3,455,665
Equity securities	7,935,306	7,577,974
Mutual funds - equity	1,350,382	1,299,247
Mutual funds – equity foreign	155,047	129,508
Corporate bonds	1,600,413	1,739,222
Fixed Income Securities	190,000	189,695
Mutual funds – bonds	<u>1,671,165</u>	<u>1,782,269</u>
	<u>\$17,781,097</u>	<u>\$17,683,304</u>

The following schedule summarizes the investment return for long-term investments and its classification in the statement of activities for the year ended June 30, 2010.

	<u>Unrestricted</u>
Interest and dividend income and realized gains/losses	\$152,611
Investment fees	(58,211)
Change in fair value of investments	<u>913,840</u>
	<u>\$1,008,240</u>

## DCCCA, INC.

### Notes to the Financial Statements

June 30, 2010

(Continued)

### 3. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2010 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds	\$ 1,524,459	\$ 1,524,459	\$ -	\$ -
U.S. Government obligations	4,371,527	-	4,371,527	-
Time Deposits	989,296	989,296	-	-
Equity securities	7,577,974	7,577,974	-	-
Mutual funds – equity	1,299,247	1,299,247	-	-
Mutual funds – equity foreign	129,508	129,508	-	-
Fixed Income Securities	189,695	-	189,695	-
Corporate bonds	2,930,869	-	2,930,869	-
Mutual funds – bonds	<u>1,782,269</u>	<u>1,782,269</u>	-	-
Total	<u>\$20,794,844</u>	<u>\$13,302,753</u>	<u>\$ 7,492,091</u>	<u>\$ -</u>

Fair values of assets measured on a nonrecurring basis at June 30, 2010 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Property held for investment	<u>\$709,858</u>	<u>\$ -</u>	<u>\$ 709,858</u>	<u>\$ -</u>

### 4. Leases

DCCCA has entered into various operating leases for program facilities that include leases that are either renegotiated annually or are on a month-to-month basis, as well as agreements with lease terms in excess of one year. The agreements contain provisions that the facility leases may be terminated with prior written notice if certain funding sources are not renewed. During the year ended June 30, 2010, rent expense for these leases was \$171,888.

**DCCCA, INC.**

Notes to the Financial Statements

June 30, 2010

(Continued)

**4. Leases** (Continued)

The following is a schedule of future minimum lease payments required under the operating leases with initial or remaining lease terms in excess of one year as of June 30, 2010:

<u>Year Ended June 30,</u>	
2011	\$ 80,803
2012	40,682
2013	<u>8,670</u>
	<u>\$130,155</u>

**5. Financial Instruments and Concentrations**

Information regarding financial instruments and concentrations follows:

Deposits

DCCCA maintains its deposits at various financial institutions. Deposits include bank balances of \$2,918,103, \$2,632,605 of which is invested in governmental security-backed money market mutual funds with several local financial institutions, which are not insured by the Federal Deposit Insurance Corporation (FDIC), and is, therefore, subject to market risk. DCCCA has security for their deposits through the FDIC in the amount of \$285,498.

Accounts Receivable

DCCCA's outpatient treatment clients are primarily located in eastern Kansas. Concentration risk is limited, however, because of the large number of clients comprising DCCCA's client base and because most clients are insured under third-party agreements. The net amount receivable at June 30, 2010, from clients and third-party payers, respectively, was \$33,449 and \$26,518.

Revenues and Support

Substantially all of DCCCA's revenue and support is received from various federal and state governmental agencies in the form of grants or contracts. DCCCA's three largest governmental funding sources accounted for approximately 41% of DCCCA's total revenue and support for the year ended June 30, 2010 and 57% of the net accounts receivable of \$2,557,858 at June 30, 2010. Concentration risk is considered limited, however, because of the number of grants and contracts received.

## DCCCA, INC.

### Notes to the Financial Statements

June 30, 2010

(Continued)

#### 6. Note Receivable

DCCCA entered into a contract with a third party in August 2007 to sell real estate for \$440,000. The contract was finalized in May 2008 and in addition to the cash down payment received, DCCCA accepted a sixty month note receivable for \$396,000 with a stated interest rate of 7.5 percent. Principal and interest payments totaling \$149,249 and \$29,293, respectively, were received for the year ended June 30, 2010. At June 30, 2010 the outstanding balance on the note receivable is \$ 243,415.

#### 7. Deferred Compensation

DCCCA, Inc. has established a deferred compensation plan for an employee. At June 30, 2010 funds have been set aside in the amounts of \$40,343 for this agreement. The employee is fully vested. This amount is included in long-term accrued expenses on the statement of financial position. The investments are in various fixed income mutual funds and are shown as restricted long-term investments on the statement of financial position.

#### 8. Board Designated Net Assets

DCCCA's Board of Directors (Board) has designated net assets of \$17,642,961 to be disbursed only at Board request. Principal disbursements of these net assets shall be used only for special projects outside of normal operating expenses, or for operating expenses when other sources are insufficient to meet said expenses. Distributions of accumulated income must be made pursuant to resolution adopted by the Board.

#### 9. Retirement Plan

DCCCA has a 403(b) retirement plan available to all employees. The plan allows participants to make pretax contributions, and DCCCA, at the option of the Board of Directors, may match certain percentages of employee contributions. All amounts contributed to the plan are deposited in a trust fund with a financial institution and administered by independent trustees. The net expense recorded by DCCCA for the year ended June 30, 2010 was \$132,379.

#### 10. Accrued Employee Benefits

DCCCA's employee health insurance plan is a partially self-funded plan, with current individual and aggregate stop loss insurance coverage in the amount of \$100,000 and \$1,648,823, respectively. The liability for claims incurred but not yet paid has been estimated to be approximately \$186,000 as of June 30, 2010 and has been recorded in the statement of financial position as an accrued expense.

**DCCCA, INC.**

Notes to the Financial Statements

June 30, 2010

(Continued)

**11. Subsequent events**

DCCCA has evaluated subsequent events through the date of the independent auditors' report which is the date the financial statements are available to be issued.

**SUPPLEMENTARY INFORMATION**

**DCCCA, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 2010

	Prevention Services	Intervention Services	Operations Services	Management and General	Total
Salaries, payroll taxes and benefits	\$ 6,198,435	\$5,018,605	\$158,661	\$2,038,580	\$13,414,281
Child placement	2,870,673	-	-	-	2,870,673
Program supplies and materials	466,401	536,705	18,131	25,319	1,046,556
Facility	242,382	385,077	176,970	58,733	863,162
Depreciation	159,958	246,510	174,588	65,056	646,112
Travel and automobile	415,399	80,149	13,528	20,265	529,341
Consulting and contractual services	176,627	111,734	12,455	25,152	325,968
Insurance	79,520	77,711	28,058	26,459	211,748
Telephone and postage	116,681	42,820	3,632	22,784	185,917
Office and computer supplies	63,216	60,180	1,611	20,499	145,506
Equipment	32,758	31,251	6,237	14,756	85,002
Miscellaneous	25,523	22,731	2,588	27,731	78,573
Accounting and legal	10,661	9,370	295	42,270	62,596
Trainings and conferences	24,501	15,325	372	5,499	45,697
Public relations	-	-	-	24,942	24,942
Advertising	5,770	11,049	2,949	638	20,406
Bad debt	-	(1,500)	-	-	(1,500)
Indirect expense allocation	<u>51,292</u>	<u>(18,625)</u>	<u>4,750</u>	<u>(37,417)</u>	<u>-</u>
 Total expenses	 <u>\$10,939,797</u>	 <u>\$6,629,092</u>	 <u>\$604,825</u>	 <u>\$2,381,266</u>	 <u>\$20,554,980</u>
 Internal allocation of management and general expenses:					
Total expenses	\$10,939,797	\$6,629,092	\$604,825	\$2,381,266	\$20,554,980
Allocation	<u>1,155,532</u>	<u>1,265,204</u>	<u>(64,412)</u>	<u>(2,356,324)</u>	<u>-</u>
	<u>\$12,095,329</u>	<u>\$7,894,296</u>	<u>\$540,413</u>	<u>\$ 24,942</u>	<u>\$20,554,980</u>

See independent auditors' report on supplementary information

**DCCCA, INC.**

Schedule of Grant Expense for the State of Kansas  
Department of Social and Rehabilitation Services Grants  
For the Year Ended June 30, 2010

<u>Grant Number</u>	<u>Grant Period</u>	<u>Grant Award</u>	<u>Total grant expenditures reported in prior years</u>	<u>Total grant expenditures in the fiscal year ending 2010</u>	<u>Total grant expenditures to date</u>
DUI-07-04-04	07/01/2006 - 08/31/2009	\$149,234	\$109,598	\$3,150	\$112,748
PREV-08-18-03	07/01/2007 - 06/30/2010	472,129	319,682	148,792	468,474
TANF-08-18-05	07/01/2007 - 06/30/2010	157,500	104,484	52,423	156,907

See independent auditors' report on supplementary information

**SINGLE AUDIT SECTION**

**DCCCA, INC.**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through National Institute of Food and Agriculture			
Passed through Kansas Department of Education			
Cooperative Extension Service	10.500		\$ 12,816
Passed through Food and Nutrition Services			
Passed through Kansas Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553		
National School Lunch Program	10.555		
Child and Adult Care Program	10.558		<u>56,328</u>
			<u>69,144</u>
<u>U.S. Department of Transportation</u>			
Passed through Federal Transit Administration			
Passed through Kansas Department of Transportation			
Formula Grant for Other than Urbanized Areas	20.509	CTD10 USC 49-5311 2010	<u>45,025</u>
<u>U.S. Department of Education</u>			
Passed through the Office of Elementary and Secondary Education			
Passed through Unified School District 491			
Safe and Drug Free Schools and Communities – National Programs	84.184	FY10 Safe Schools Healthy Students	<u>59,412</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Office of the Secretary			
Passed through Hunter Health Clinic, Inc.			
Public Health and Social Services Emergency Fund	93.003	Homeless Grant	27,500
Passed through Substance Abuse and Mental Health Services Administration			
Passes through Jackson County Communities That Care Coalition			
Passed through Unified School District 337			
Drug Free Communities Support Program	93.276	Jackson Co DFC	8,750
Passed through the Centers for Disease Control and Prevention			
Passed through Kansas Department of Education			
Cooperative Agreements to Support Comprehensive School Health Programs	93.938	2009 and 2010	11,055
to Prevent the Spread of HIV and Other Important Health Problems			
Passed through Kansas Department of Social and Rehabilitation Services			
Substance Abuse and Mental Health Services Administration			
Passed through Health Care Policy, Substance Abuse Treatment and Recovery			
Addictions and Prevention Services			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A 107220	501,947
		A 334041	488,991
		A 881153	103,059
		A 881898	6,801
		A 901739	395,234
		PREV-08-18-03	<u>148,792</u>
			<u>1,692,129</u>
Total federal awards expenditures			<u>\$1,865,710</u>

See accompanying notes to schedule of expenditures of federal awards

**DCCCA, INC.**

Notes to Schedule of Expenditures of Federal Awards  
June 30, 2010

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of DCCCA, Inc. and is presented on the accrual basis of accounting, modified to include federal expenditures for capital equipment purchases. Federal financial assistance revenues are reported within grant or contract revenue on DCCCA, Inc.'s statement of activities.

**DCCCA, INC.**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Noncompliance material to financial statements noted:	None

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133:	None

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.959	Block grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Auditee qualified as low-risk auditee: Yes

**DCCCA, INC.**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

(Continued)

**Section II – Financial Statement Findings**

No matters reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters reported.

**DCCCA, INC.**

Schedule of Prior Audit Findings  
For the Year Ended June 30, 2010

None.



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

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  
DCCCA, Inc.

We have audited the financial statements of DCCCA, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered DCCCA, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DCCCA, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of DCCCA, Inc.'s internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether DCCCA, Inc.'s financial statements 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. 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*.

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This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Berberich Trahan & Co., P.A.*

December 15, 2010



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

Report on Compliance with Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133

Board of Directors  
DCCCA, Inc.

**Compliance**

We have audited the compliance of DCCCA, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on DCCCA, Inc.'s major federal program for the year ended June 30, 2010. DCCCA, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of DCCCA, Inc.'s management. Our responsibility is to express an opinion on DCCCA Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about DCCCA, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of DCCCA, Inc.'s compliance with those requirements.

In our opinion, DCCCA, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

**Internal Control Over Compliance**

The management of DCCCA, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered DCCCA, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of DCCCA, Inc.'s internal control over compliance.

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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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Berberich Trahan & Co., P.A.*

December 15, 2010