



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

DCCCA, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

DCCCA, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2011

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
DCCCA, Inc.

We have audited the accompanying statement of financial position of DCCCA, Inc. as of June 30, 2011, 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, 2011, and the changes in its net assets and its 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 our report dated November 28, 2011 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 OMB Circular A-133 are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 basic financial statements taken as a whole.

Berberich Trahan & Co., P.A.

November 28, 2011

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DCCCA, INC.

Statement of Financial Position

June 30, 2011

Assets

Current assets:

Cash and cash equivalents	\$ 2,087,357
Short-term investments	3,189,091
Accounts receivable:	
Grants and contracts (net of allowance for doubtful accounts of \$19,694)	2,097,131
Client and Medicaid (net of allowance for doubtful accounts of \$41,517)	143,603
Accrued interest	89,835
Prepaid expenses	249,563
Current portion of long-term note receivable	<u>21,348</u>
Total current assets	<u>7,877,928</u>

Long-term note receivable	282,515
Long-term restricted investments	80,913
Long-term investments	23,060,418

Property and equipment:

Buildings	9,868,982
Leasehold improvements	75,175
Furniture, fixtures and equipment	1,321,303
Less accumulated depreciation	(5,568,077)

Land	4,180,247
Property held for investment	<u>709,858</u>
Net property and equipment	<u>10,587,488</u>

Total assets	<u>\$41,889,262</u>
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The accompanying notes are an integral part of these financial statements

DCCCA, INC.

Statement of Financial Position

June 30, 2011

(Continued)

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 442,287
Accrued expenses	1,398,959
Deferred revenue	<u>1,478,977</u>
Total current liabilities	3,320,223
Long-term accrued expenses	<u>407,081</u>
Total liabilities	<u>3,727,304</u>
Net assets:	
Unrestricted:	
Undesignated	15,101,540
Board designated	<u>23,060,418</u>
Total net assets	<u>38,161,958</u>
Total liabilities and net assets	<u>\$41,889,262</u>

The accompanying notes are an integral part of these financial statements

DCCCA, INC.

Statement of Activities
For the Year Ended June 30, 2011

Changes in net assets:

Unrestricted revenues and support:

Contracts	\$ 8,831,634
Program fees	7,152,323
Grants	3,899,697
Rental income	404,642
Contributions	192,109
Other	82,700
Net investment and interest income	3,205,639
Net gain on sale of assets	<u>129,920</u>

Total unrestricted revenues and support 23,898,664

Expenses:

Program:

Prevention	10,072,320
Intervention	6,870,662
Operations	<u>566,629</u>
Total program expenses	17,509,611
Management and general	<u>2,352,219</u>

Total expenses 19,861,830

Increase in net assets 4,036,834

Net assets, beginning of year 34,125,124

Net assets, end of year \$38,161,958

The accompanying notes are an integral part of these financial statements

DCCCA, INC.

Statement of Cash Flows
For the Year Ended June 30, 2011

Cash flows from operating activities:	
Change in net assets	\$ 4,036,834
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	618,705
Gain on disposal of property and equipment	(52,584)
Change in fair value of investments	(2,388,433)
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	377,091
Accrued interest	9,922
Prepaid expenses	(83,652)
Increase (decrease) in:	
Accounts payable	48,456
Accrued expenses	(7,396)
Deferred revenue	<u>(176,888)</u>
Net cash provided by operating activities	<u>2,382,055</u>
Cash flows from investing activities:	
Purchases of investments	(20,951,540)
Principal payments on note receivable	11,552
Proceeds from sale of investments	17,804,395
Purchases of property and equipment	(130,354)
Proceeds from disposal of property and equipment	<u>118,710</u>
Net cash used by investing activities	<u>(3,147,237)</u>
Net decrease in cash and cash equivalents	(765,182)
Cash and cash equivalents, beginning of year	<u>2,852,539</u>
Cash and cash equivalents, end of year	<u>\$ 2,087,357</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:	
Note receivable accepted for sale of building	<u>\$ 72,000</u>

The accompanying notes are an integral part of these financial statements

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

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, 2011, 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, 2011

(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, 2011.

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

DCCCA's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Cash accounts and certificates of deposit are recorded at cost since they are not affected by market rate changes. Unrealized changes in fair values are included in the change in net assets. Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk.

DCCCA invests in certificates of deposit, brokered certificates of deposit, corporate bonds, federal government securities, common stock, preferred stock, mutual funds and exchange traded funds.

Recent Accounting Pronouncements

In January 2010, FASB issued an amendment, "Fair Value Measurements and Disclosures-Improving Disclosures about Fair Value Measurements" ASU 2010-06, which requires new disclosures and reasons for transfers of financial assets and liabilities between levels 1 and 2. This amendment also clarifies that fair value measurements and disclosures are required for each class of financial assets and liabilities, and those disclosures should include a discussion of inputs and valuation techniques. It further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these changes.

The amendment was effective and adopted for periods beginning on or after December 15, 2009. See Note 3 for impact of adoption.

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

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

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. Contributions whose restrictions are met in the same period are reported as unrestricted support.

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

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

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.

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.

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, 2011, 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 2007 and prior.

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

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

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, 2011 are stated at fair value and are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Time deposits		
Brokered certificates of deposit and certificates of deposit	\$1,769,430	\$1,770,020
Bonds - treasury		
AA Credit Rating	188,475	188,370
A Credit Rating	32,275	31,559
Bonds – corporate		
AA credit rating	161,571	161,896
A credit rating	876,969	872,349
BBB credit rating	47,664	48,444
Mutual funds		
Institutional money market	<u>116,453</u>	<u>116,453</u>
	<u>\$3,192,837</u>	<u>\$3,189,091</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, 2011.

	<u>Unrestricted</u>
Interest and dividend income and realized gains	\$86,721
Investment fees	(9,474)
Change in fair value of investments	<u>305</u>
	<u>\$77,552</u>

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

2. Investments (Continued)

Long-term investments at June 30, 2011 are stated at fair value and are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 4,126	\$ 4,126
Bonds – treasury		
AAA credit rating	150,000	149,985
AA credit rating	520,345	530,664
A credit rating	101,348	105,198
Non rated	1,858,164	1,907,577
Bonds - corporate		
AA credit rating	194,271	216,339
A credit rating	1,672,348	1,866,200
BBB credit rating	271,710	141,872
Common stock		
Energy sector	757,314	955,368
Materials sector	456,563	552,574
Industrials sector	750,461	883,102
Consumer discretionary sector	854,088	984,758
Consumer staples sector	822,535	909,762
Healthcare sector	952,574	1,166,391
Financials sector	961,822	1,027,012
Information technology sector	1,068,174	1,257,030
Telecommunication services	193,031	224,354
Utility sector	339,775	396,534
Preferred stock		
Non-convertible	7,681	14,610
Mutual funds		
Institutional money market	1,150,202	1,150,202
Large cap growth	235,196	247,055
Large cap value	116,622	132,539
Large cap blend	85,942	109,056
Mid cap growth	111,701	164,536
Mid cap value	50,586	65,350
Small cap value	706,274	926,712
Indexed	1,169,684	1,316,581
International equity	217,665	258,889

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

2. **Investments** (Continued)

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds – continued		
International small cap	\$ 187,436	\$ 183,279
Alternative investments	68,262	65,899
Specialty energy	13,704	11,796
Fixed income institutional	2,152,938	2,318,484
Fixed income ultra-short adjustable rate government fund	373,863	371,903
Fixed income treasury bond fund	67,224	67,440
International bond fund	300,000	316,522
Exchange traded funds		
Domestic indexed	200,880	300,740
Domestic specialty	125,003	164,977
International indexed	767,099	840,234
Fixed income	<u>814,527</u>	<u>835,681</u>
Total investments	<u>\$20,851,138</u>	<u>\$23,141,331</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, 2011.

	<u>Unrestricted</u>
Interest and dividend income and realized gains/losses	\$ 811,039
Investment fees	(81,710)
Change in fair value of investments	<u>2,388,128</u>
	<u>\$3,117,457</u>

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

3. Fair Value Measurements

The disclosure provisions of the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification (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 under FASB ASC 820 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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2011.

Brokered certificates of deposit: Valued by the vendor using a multi-dimensional relational model.

Treasury bonds: Valued by the vendor using various methodologies for different types of fixed income. These include broker feeds and electronic communication networks.

Corporate bonds: Valued by the vendor using various methodologies for different types of fixed income. These include the multi-dimensional relational mode and the option adjusted spread.

Common stocks, preferred stocks, mutual funds and exchange traded funds: Valued by quoted market prices and other relevant information generated by market transactions.

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

3. Fair Value Measurements (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although DCCCA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at June 30, 2011 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Time Deposits				
Brokered certificates of deposit	\$ 21,265		\$ 21,265	
Bonds - treasury				
AAA credit rating	149,985		149,985	
AA credit rating	719,034		719,034	
A credit rating	136,757		136,757	
Non rated	1,907,577		1,907,577	
Bonds - corporate				
AA credit rating	378,235		378,235	
A credit rating	2,738,549		2,738,549	
BBB credit rating	190,316		190,316	
Common stock				
Energy sector	955,368	\$ 955,368		
Materials sector	552,574	552,574		
Industrials sector	883,102	883,102		
Consumer discretionary sector	984,758	984,758		
Consumer staples sector	909,762	909,762		
Healthcare sector	1,166,391	1,166,391		
Financials sector	1,027,012	1,027,012		
Information technology sector	1,257,030	1,257,030		
Telecommunication services sector	224,354	224,354		
Utility sector	396,534	396,534		
Preferred stock				
Non-convertible	14,610	14,610		

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

3. Fair Value Measurements (Continued)

<u>Description</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds				
Institutional money market	\$ 1,266,655	\$ 1,266,655		
Large cap growth	247,055	247,055		
Large cap value	132,539	132,539		
Large cap blend	109,056	109,056		
Mid cap growth	164,536	164,536		
Mid cap value	65,350	65,350		
Small cap value	926,712	926,712		
Indexed	1,316,581	1,316,581		
International equity	258,889	258,889		
International small cap	183,279	183,279		
Alternative investments	65,899	65,899		
Specialty energy	11,796	11,796		
Fixed income institutional	2,318,484	2,318,484		
Fixed income ultra-short adjustable rate government fund	371,903	371,903		
Fixed income treasury bond fund	67,440	67,440		
International bond fund	316,522	316,522		
Exchange traded funds				
Domestic indexed	300,740	300,740		
Domestic specialty	164,977	164,977		
International indexed	840,234	840,234		
Fixed income	<u>835,681</u>	<u>835,681</u>	_____	_____
Total investments	<u>\$24,577,541</u>	<u>\$18,335,823</u>	<u>\$6,241,718</u>	<u>\$ -</u>

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

3. Fair Value Measurements (Continued)

Fair values 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, 2011.

Fair values of assets measured on a nonrecurring basis at June 30, 2011 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Property held for investment	\$ <u>709,858</u>	\$ <u>-</u>	\$ <u>709,858</u>	\$ <u>-</u>

There were no significant transfers between levels during the year. DCCCA's policy is to only recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the fair value inputs are not recognized.

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, 2011, rent expense for these leases was \$162,659.

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, 2011:

<u>Year Ended June 30,</u>	
2012	\$ 40,682
2013	<u>8,670</u>
	<u>\$ 49,352</u>

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

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 \$2,112,063, \$1,768,064 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 \$343,999.

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, 2011, from clients and third-party payers totaled \$143,603.

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 48% of DCCCA's total revenue and support for the year ended June 30, 2011 and 70% of the net accounts receivable from grants and contracts of \$2,097,131 at June 30, 2011. Concentration risk is considered limited, however, because of the number of grants and contracts received.

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(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 \$11,552 and \$18,808, respectively, were received for the year ended June 30, 2011. At June 30, 2011 the outstanding balance on the note receivable is \$231,863.

DCCCA entered into a contract with a third party in May 2011 to sell real estate for \$80,000. The contract was finalized in June 2011 and in addition to the cash down payment received, DCCCA accepted a ten year note receivable for \$72,000 with a stated interest rate of 6 percent. There were no principal or interest payments received for the year ended June 30, 2011. At June 30, 2011 the outstanding balance on the note receivable is \$72,000.

7. Deferred Compensation

DCCCA, Inc. has established a deferred compensation plan for an employee. At June 30, 2011, funds have been set aside in the amount of \$80,913 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 \$23,060,418 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, 2011 was \$105,689.

DCCCA, INC.

Notes to the Financial Statements

June 30, 2011

(Continued)

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 \$821,836 respectively. The liability for claims incurred but not yet paid has been estimated to be approximately \$87,000 as of June 30, 2011 and has been recorded in the statement of financial position as an accrued expense.

11. Subsequent events

DCCCA has evaluated subsequent events through the date of the independent auditor's 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, 2011

	Prevention Services	Intervention Services	Operations Services	Management and General	Total
Salaries, payroll taxes and benefits	\$ 5,392,052	\$5,067,638	\$121,180	\$2,003,573	\$12,584,443
Child placement	2,615,889	-	-	-	2,615,889
Program supplies and materials	477,497	632,613	26,130	24,006	1,160,246
Facility	249,270	426,151	171,321	65,362	912,104
Depreciation	156,166	223,777	189,273	49,489	618,705
Travel and automobile	424,966	91,904	17,187	29,595	563,652
Consulting and contractual services	347,165	142,510	12,136	40,065	541,876
Insurance	70,241	68,698	25,567	20,317	184,823
Telephone and postage	116,831	40,504	3,521	21,863	182,719
Office and computer supplies	62,699	69,762	1,952	17,905	152,318
Equipment	42,415	51,453	7,580	16,351	117,799
Miscellaneous	27,064	4,865	2,037	29,262	63,228
Trainings and conferences	23,445	19,119	257	8,669	51,490
Accounting and legal	6,550	8,713	-	17,531	32,794
Bad debt	12,102	16,111	-	-	28,213
Advertising	11,468	13,344	2,003	657	27,472
Public relations	-	-	-	24,059	24,059
Indirect expense allocation	<u>36,500</u>	<u>(6,500)</u>	<u>(13,515)</u>	<u>(16,485)</u>	<u>-</u>
Total expenses	<u>\$10,072,320</u>	<u>\$6,870,662</u>	<u>\$566,629</u>	<u>\$2,352,219</u>	<u>\$19,861,830</u>
Internal allocation of management and general expenses:					
Total expenses	<u>\$10,072,320</u>	<u>\$6,870,662</u>	<u>\$566,629</u>	<u>\$2,352,219</u>	<u>\$19,861,830</u>
Allocation	<u>1,133,468</u>	<u>1,194,692</u>	<u>-</u>	<u>(2,328,160)</u>	<u>-</u>
	<u>\$11,205,788</u>	<u>\$8,065,354</u>	<u>\$566,629</u>	<u>\$ 24,059</u>	<u>\$19,861,830</u>

SINGLE AUDIT SECTION

DCCCA, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<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		\$16,228
Passed through Food and Nutrition Services			
Passed through Kansas Department of Education			
Food and Nutrition Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553		14,691
National School Lunch Program	10.555		27,965
Child and Adult Care Program	10.558		<u>13,023</u>
			<u>71,907</u>
<u>U.S. Department of Justice</u>			
Passed through Office of Juvenile Justice and Delinquency Prevention			
Passed through Kansas Department of Transportation			
Enforcing Underage Drinking Laws Program	16.727	SP-2201-11	<u>23,703</u>
<u>U.S. Department of Transportation</u>			
Passed through Federal Transit Administration			
Passed through Kansas Department of Transportation			
Formula Grants for Other than Urbanized Areas	20.509	CTD10 USC 49-5311 2011	<u>42,248</u>
Passed through National Highway Traffic Safety Administration			
Passed through Kansas Department of Transportation			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SP-1000-10 SP-1000-11 SP-1301-10 SP-1301-11	777,281
Incentive Grant Program to Increase Motorcycle Safety	20.612	SP-1200-11	2,181
Child Safety and Child Booster Seats Incentive Grants	20.613	SP-1306-11	<u>21,053</u>
			<u>800,515</u>
<u>U.S. Department of Education</u>			
Passed through the Office of Safe and Drug-Free Schools			
Passed through Unified School District 491			
Safe and Drug Free Schools and Communities – National Programs	84.184	FY10 Safe Schools Healthy Students	<u>62,759</u>

See accompanying notes to schedule of expenditures of federal awards

DCCCA, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011
(Continued)

<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 Health and Human Services</u>			
Passed through Substance Abuse and Mental Health Services Administration Drug Free Communities Support Program Grants	93.276	New Traditions Coalition DFC	\$71,589
Passed through Jackson County Communities That Care Coalition Passed through Unified School District 337 Drug Free Communities Support Program Grants	93.276	Jackson Co DFC	5,000
Passed through the Centers for Disease Control and Prevention Passed through Kansas Department of Education Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	2010 and 2011	7,997
Passed through Substance Abuse and Mental Health Services Administration Passed through Kansas Department of Social and Rehabilitation Services Passed through Health Care Policy, Substance Abuse Treatment and Recovery Passed through Addictions and Prevention Services Block Grants for Prevention and Treatment of Substance Abuse	93.959	A 107220 A 334041 A 881153 A 881898 A 901739 D 152040 PREV-08-18-03	468,696 568,323 86,818 14,128 391,583 6,169 <u>123,708</u>
			<u>1,744,011</u>
Total federal awards expenditures			<u>\$2,745,143</u>

See accompanying notes to schedule of expenditures of federal awards

DCCCA, INC.

Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

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, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's 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:

CFDA Number
20.600/20.612/20.613

Name of Federal Program
Highway Safety Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 300,000
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Auditee qualified as low-risk auditee:	Yes
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DCCCA, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2011

(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, 2011

None.



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

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
DCCCA, Inc.

We have audited the financial statements of DCCCA, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated November 28, 2011. 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*.

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.

November 28, 2011



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

Independent Auditor’s 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 DCCCA, Inc.’s compliance with the types of compliance requirements described in the *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, 2011. DCCCA, Inc.'s major federal program is identified in the summary of auditor’s 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. 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, 2011.

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McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

Internal Control Over Compliance

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.

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.

November 28, 2011