



BERBERICH TRAHAN & CO., P.A.

Certified Public Accountants

DCCCA, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

DCCCA, INC.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2015

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
DCCCA, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of DCCCA, Inc. (DCCCA), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to DCCCA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DCCCA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DCCCA as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules listed in the accompanying table of contents, including the schedule of expenditures of federal awards, as required by 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of DCCCA'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DCCCA's internal control over financial reporting and compliance.

Berberich Trahan & Co., P.A.

December 14, 2015
Topeka, Kansas

DCCCA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,146,313
Short-term investments	244,857
Accounts receivable:	
Grants and contracts, net of allowance for doubtful accounts of \$ 30,707	1,821,800
Client and Medicaid, net of allowance for doubtful accounts of \$ 21,669	123,128
Other	865
Accrued interest	64,142
Prepaid expenses	181,935
Current portion of long-term notes receivable	6,823
Current portion of long-term restricted investments	50,136

Total current assets	4,639,999
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Long-term notes receivable	42,299
Long-term restricted investments	100,271
Long-term investments	34,800,130
Property held for investment	770,000
	35,712,700

Property and equipment:

Buildings	9,176,799
Leasehold improvements	68,140
Furniture, fixtures and equipment	1,162,223
Less accumulated depreciation	(6,356,565)
Land	4,111,634

Net property and equipment	8,162,231
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Total assets	\$ 48,514,930
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The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 570,242
Accrued expenses	858,366
Deferred revenue	<u>57,329</u>

Total current liabilities	1,485,937
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Long-term accrued expenses	<u>366,536</u>
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Total liabilities	<u>1,852,473</u>
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Net assets:

Unrestricted:

Undesignated	11,791,465
Board designated	<u>34,800,130</u>

Total unrestricted	46,591,595
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Temporarily restricted	<u>70,862</u>
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Total net assets	46,662,457
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Total liabilities and net assets	<u><u>\$ 48,514,930</u></u>
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DCCCA, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Changes in net assets:			
Revenues and support:			
Contracts	\$ 12,327,224	\$ -	\$ 12,327,224
Grants	4,671,390	-	4,671,390
Program fees	1,935,692	-	1,935,692
Net investment and interest income	1,133,767	-	1,133,767
Rental income	316,769	-	316,769
Contributions	115,982	85,112	201,094
Other	75,379	-	75,379
Net gain on sale of assets	72,954	-	72,954
Net assets released from restriction	81,062	(81,062)	-
Total revenues and support	20,730,219	4,050	20,734,269
Expenses:			
Program:			
Child placing services	10,554,878	-	10,554,878
Behavioral health services	4,995,661	-	4,995,661
Prevention and education services	1,901,258	-	1,901,258
Operations	345,797	-	345,797
Total program expenses	17,797,594	-	17,797,594
Management and general	1,628,033	-	1,628,033
Total expenses	19,425,627	-	19,425,627
Increase in net assets	1,304,592	4,050	1,308,642
Net assets, beginning of year	45,287,003	66,812	45,353,815
Net assets, end of year	\$ 46,591,595	\$ 70,862	\$ 46,662,457

The accompanying notes are an integral part of these financial statements.

DCCCA, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

Cash flows from operating activities:	
Change in net assets	\$ 1,308,642
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	521,535
Gain on sale of property and equipment	(59,508)
Loss on sale of property held for investment	50,344
Change in fair value of investments	1,246,197
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(341,641)
Accrued interest	(2,620)
Prepaid expenses	(25,191)
Increase (decrease) in:	
Accounts payable	83,871
Accrued expenses	(206,194)
Deferred revenue	21,768
Net cash provided by operating activities	<u>2,597,203</u>
Cash flows from investing activities:	
Principal payments on notes receivable	52,399
Purchases of investments	(14,020,606)
Proceeds from sale of investments	11,647,427
Purchases of property and equipment	(349,168)
Proceeds from sale of property and equipment	101,575
Sale of property held for investment	99,656
Net cash used in investing activities	<u>(2,468,717)</u>
Net increase in cash and cash equivalents	128,486
Cash and cash equivalents, beginning of year	<u>2,017,827</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,146,313</u></u>

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015, DCCCA had no permanently restricted net assets.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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.

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, 2015.

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 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, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Investments (Continued)

DCCCA invests in treasury bonds, corporate bonds, preferred stock, common stock, mutual funds, exchange traded funds and property.

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 fifteen 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.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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.

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, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Tax-Exempt Status (Continued)

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, 2015, 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 2011 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.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2 - Investments

Short-term investments at June 30, 2015 are stated at fair value and are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds:		
Institutional money market	<u>\$ 244,857</u>	<u>\$ 244,857</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, 2015.

	<u>Unrestricted</u>
Interest and dividend income and realized gains	\$ 2,232
Investment fees	<u>(732)</u>
	<u>\$ 1,500</u>

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2 - Investments (Continued)

Long-term investments at June 30, 2015 are stated at fair value and are summarized as follows:

	Cost	Fair Value
Cash	\$ 1,638	\$ 1,638
Bonds - treasury:		
AA+ credit rating	348,126	357,399
Non rated	2,075,208	2,014,338
Bonds - corporate:		
AA+ credit rating	163,216	163,144
A credit rating	644,860	630,944
A- credit rating	694,617	705,961
BBB+ credit rating	450,467	443,072
BBB credit rating	136,014	132,445
BBB- credit rating	252,832	252,241
Preferred stock:		
BBB+ credit rating	34,676	34,789
BBB credit rating	150,369	151,992
BBB- credit rating	248,545	245,002
BB+ credit rating	88,103	88,937
BB credit rating	157,107	159,068
BB- credit rating	34,480	34,767
Non rated	77,742	75,224
Common stock:		
Basic materials sector	325,378	360,473
Communication services sector	309,774	350,618
Consumer cyclical sector	935,870	1,219,406
Consumer defensive sector	764,720	1,035,648
Energy sector	745,093	741,091
Financial services sector	1,126,887	1,457,150
Health care sector	1,008,505	1,540,130
Industrials sector	1,441,131	1,723,167
Real estate sector	67,607	63,116
Technology sector	1,178,279	1,783,087
Utilities sector	164,062	185,950
Subtotal	\$ 13,625,306	\$ 15,950,797

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2 - Investments (Continued)

	Cost	Fair Value
Subtotal forward	\$ 13,625,306	\$ 15,950,797
Mutual funds - equity:		
Institutional money market	1,199,824	1,199,824
Large cap growth	649,917	837,020
Large cap blend	1,091,740	1,756,983
Foreign large blend	1,338,902	1,468,657
Small cap blend	398,768	766,664
Foreign small/mid cap value	300,000	317,427
Diversified emerging markets	942,335	933,530
World stock	184,658	253,313
Mutual funds - bonds:		
Fixed income short-term	648,638	638,332
Fixed income intermediate	1,002,806	1,088,834
Fixed income multi-sector	429,580	424,108
Fixed income non-traditional	796,788	775,708
Fixed income world	249,185	249,823
Fixed income bank loan	754,821	732,329
Fixed income high yield	691,720	643,186
Exchange traded funds - equity:		
Energy sector	137,204	149,193
Financial services sector	78,240	134,090
Technology sector	182,894	241,194
Large cap growth	1,734,637	2,524,755
Large cap value	481,870	521,191
Large cap blend	1,199,159	1,639,654
Mid cap growth	192,421	187,598
Mid cap blend	198,858	315,819
Small cap value	327,070	341,482
Diversified emerging markets	231,282	194,115
Energy limited partnerships	49,556	40,456
Exchange traded funds - bonds:		
Treasury inflation protected	233,523	237,186
Exchange traded funds - other:		
Commodities - agricultural	58,666	48,738
Commodities - precious metals	150,205	127,203
Closed end funds - equity:		
Small cap blend	29,490	28,148
Real estate	129,595	116,275
Energy limited partnership	57,762	66,905
Total investments	\$ 29,777,420	\$ 34,950,537

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2 - Investments (Continued)

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, 2015.

	<u>Unrestricted</u>
Interest and dividend income and realized gains/losses	\$ 2,559,712
Investment fees	(137,898)
Change in fair value of investments	<u>(1,246,197)</u>
	<u><u>\$ 1,175,617</u></u>

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.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3 - Fair Value Measurements (Continued)

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, 2015.

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.

Preferred stock: Valued by quoted market prices and also valued by the vendor using various methodologies including the multi-dimensional relational mode and exchange-traded quotes.

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

Property held for investment: The Colorado real estate is valued based upon an external independent appraisal or signed contract for sale. The property was last appraised in September 2014 by a Colorado licensed appraiser, and the appraisal's intended use was to determine the current market valuation for DCCCA's Board of Directors. The appraiser used both a sales comparison and a cost comparison to assess the market value. DCCCA felt that the blended approach was a better indicator of the value. DCCCA's Executive Director and DCCCA's Board of Directors accepted the blended approach appraisal as an accurate representation of the value. DCCCA's management plans to have the investment property appraised, at a minimum, every five years unless directed differently by DCCCA's Board of Directors.

DCCCA's other property held for investment was valued based upon a contract for sale. DCCCA's Executive Director and DCCCA's Board of Directors accepted the signed contract as an accurate representation of the value of the property. The property was sold during the year ended June 30, 2015.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(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, 2015 are as follows:

Description	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Bonds - treasury:				
AA credit rating	\$ 357,399	\$ -	\$ 357,399	\$ -
Non rated	2,014,338	-	2,014,338	-
Bonds - corporate:				
AA+ credit rating	163,144	-	163,144	-
A credit rating	630,944	-	630,944	-
A- credit rating	705,961	-	705,961	-
BBB+ credit rating	443,072	-	443,072	-
BBB credit rating	132,445	-	132,445	-
BBB- credit rating	252,241	-	252,241	-
Preferred stock:				
BBB+ credit rating	34,789	-	34,789	-
BBB credit rating	151,992	12,062	139,930	-
BBB- credit rating	245,002	69,285	175,717	-
BB+ credit rating	88,937	30,771	58,166	-
BB credit rating	159,068	22,401	136,667	-
BB- credit rating	34,767	34,767	-	-
Non rated	75,224	34,472	40,752	-
Common stock:				
Basic materials sector	360,473	360,473	-	-
Communication services sector	350,618	350,618	-	-
Consumer cyclical sector	1,219,406	1,219,406	-	-
Consumer defensive sector	1,035,648	1,035,648	-	-
Energy sector	741,091	741,091	-	-
Financial services sector	1,457,150	1,457,150	-	-
Health care sector	1,540,130	1,540,130	-	-
Industrials sector	1,723,167	1,723,167	-	-
Real estate sector	63,116	63,116	-	-
Technology sector	1,783,087	1,783,087	-	-
Utilities sector	185,950	185,950	-	-
	<u>\$ 15,949,159</u>	<u>\$ 10,663,594</u>	<u>\$ 5,285,565</u>	<u>\$ -</u>

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3 - Fair Value Measurements (Continued)

Description	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Subtotal	\$ 15,949,159	\$ 10,663,594	\$ 5,285,565	\$ -
Mutual funds - equity:				
Institutional money market	1,444,682	1,444,682	-	-
Large cap growth	837,020	837,020	-	-
Large cap blend	1,756,983	1,756,983	-	-
Foreign large blend	1,468,657	1,468,657	-	-
Small cap blend	766,664	766,664	-	-
Foreign small/mid cap value	317,427	317,427	-	-
Diversified emerging markets	933,530	933,530	-	-
World stock	253,313	253,313	-	-
Mutual funds - bonds:				
Fixed income short-term	638,332	638,332	-	-
Fixed income intermediate	1,088,834	1,088,834	-	-
Fixed income multi-sector	424,108	424,108	-	-
Fixed income non-traditional	775,708	775,708	-	-
Fixed income world	249,823	249,823	-	-
Fixed income bank loan	732,329	732,329	-	-
Fixed income high yield	643,186	643,186	-	-
Exchange traded funds - equity:				
Energy sector	149,193	149,193	-	-
Financial services sector	134,090	134,090	-	-
Technology sector	241,194	241,194	-	-
Large cap growth	2,524,755	2,524,755	-	-
Large cap value	521,191	521,191	-	-
Large cap blend	1,639,654	1,639,654	-	-
Mid cap growth	187,598	187,598	-	-
Mid cap blend	315,819	315,819	-	-
Small cap value	341,482	341,482	-	-
Diversified emerging markets	194,115	194,115	-	-
Energy limited partnerships	40,456	40,456	-	-
Exchange traded funds - bonds:				
Treasury inflation protected	237,186	237,186	-	-
Exchange traded funds - other:				
Commodities - agricultural	48,738	48,738	-	-
Commodities - precious metals	127,203	127,203	-	-
Closed end funds - equity:				
Small cap blend	28,148	28,148	-	-
Real estate	116,275	116,275	-	-
Energy limited partnership	66,904	66,904	-	-
	<u>\$ 35,193,756</u>	<u>\$ 29,908,191</u>	<u>\$ 5,285,565</u>	<u>\$ -</u>

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3 - Fair Value Measurements (Continued)

Fair values of assets measured on a nonrecurring basis at June 30, 2015 are as follows:

Description	Fair Value	Fair Value Measurements at Reporting Date		
		Level 1	Level 2	Level 3
Property held for investment	\$ 770,000	\$ -	\$ -	\$ 770,000

The availability of observable market data is monitored to assess the appropriate classification of financial instruments with the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

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.

The following table presents a reconciliation of assets measured at fair value using significant unobservable inputs (Level 3 assets):

	Property Held for Investment
Balance, July 1, 2014	\$ 920,000
Sale of property	(99,656)
Realized gains (losses)	(50,344)
Balance, June 30, 2015	\$ 770,000

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, 2015, rent expense for these leases was \$ 172,185.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(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, 2015:

<u>Year Ended June 30,</u>	
2016	\$ 92,626
2017	82,697
2018	<u>24,179</u>
	<u>\$ 199,502</u>

5 - Financial Instruments and Concentrations

Information regarding financial instruments and concentrations follows:

Deposits

DCCCA maintains its deposits at various financial institutions. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000 per bank. DCCCA's deposits may have exceeded the FDIC insurance limits during the year ended June 30, 2015.

Accounts Receivable – Client and Medicaid

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, 2015, from clients and third-party payers totaled \$ 123,128.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5 - Financial Instruments and Concentrations (Continued)

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 44% of DCCCA's total revenue and support for the year ended June 30, 2015 and 40% of the net accounts receivable from grants and contracts of \$ 1,821,800 at June 30, 2015. Concentration risk is considered limited, however, because of the number of grants and contracts received.

6 - Notes Receivable

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. Principal and interest payments totaling \$ 6,433 and \$ 3,159, respectively, were received for the year ended June 30, 2015. At June 30, 2015, the outstanding balance on the note receivable is \$ 49,122.

Based on historical experience, DCCCA has not recorded an allowance for the above note receivable.

7 - Deferred Compensation

DCCCA, Inc. has established a deferred compensation plan for an employee. At June 30, 2015, funds have been set aside in the amount of \$ 150,407 for this agreement. The employee is fully vested. \$50,136 of this amount is included in accrued expenses and \$ 100,271 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 and current portion of long-term restricted investments on the statement of financial position.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8 - Board Designated Net Assets

DCCCA's Board of Directors (Board) has designated net assets of \$ 34,800,130 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, 2015 was \$ 82,039.

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 \$ 786,592, respectively. The liability for claims incurred but not yet paid has been estimated to be approximately \$ 78,000 as of June 30, 2015 and has been recorded in the statement of financial position as an accrued expense.

11 - Temporarily Restricted Net Assets

Temporarily restricted net assets of \$ 68,164 for the Kansas SAFE program and \$ 2,698 for the Oklahoma SAFE program were available at June 30, 2015. Temporarily restricted net assets of \$ 78,251 were released from restriction for the Kansas SAFE program, \$ 2,302 were released from restriction for the Oklahoma SAFE program and \$ 509 were released from restriction for the Tipsy Taxi program for the year ended June 30, 2015.

DCCCA, INC.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

12 - 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

Year Ended June 30, 2015

	Child Placing Services	Behavioral Health Services	Prevention and Education Services	Operations Services	Management and General	Total
Salaries, payroll taxes and benefits	\$ 3,337,497	\$ 3,258,053	\$ 875,983	\$ 395,209	\$ 1,210,043	\$ 9,076,785
Foster parent payments	5,593,780	-	-	-	-	5,593,780
Program supplies and materials	179,992	586,910	534,029	7,169	32,700	1,340,800
Consulting and contractual services	506,823	179,100	175,375	41,068	50,109	952,475
Facility	219,244	304,117	75,378	199,195	24,926	822,860
Depreciation	17,987	129,748	4,071	254,314	115,415	521,535
Travel	129,820	8,405	64,098	100,146	11,491	313,960
Insurance	60,619	51,956	2,163	36,322	36,763	187,823
Telephone and postage	70,534	27,748	28,711	27,164	7,505	161,662
Office and computer supplies	38,033	46,919	21,871	12,892	13,188	132,903
Equipment	40,157	22,167	14,750	12,376	14,019	103,469
Miscellaneous	40,194	13,714	12,922	962	19,108	86,900
Trainings and conferences	7,214	8,730	18,405	4,226	7,189	45,764
Accounting and legal	13,094	9,180	6,191	1,071	13,595	43,131
Advertising	2,176	693	23,834	-	6,077	32,780
Public relations	-	-	-	-	9,000	9,000
Information technology allocation	158,792	158,010	31,891	(375,183)	26,490	-
Maintenance allocation	28,267	164,672	-	(216,205)	23,266	-
Owned auto allocation	110,655	25,539	11,586	(154,929)	7,149	-
Total expenses	<u>\$10,554,878</u>	<u>\$ 4,995,661</u>	<u>\$ 1,901,258</u>	<u>\$ 345,797</u>	<u>\$ 1,628,033</u>	<u>\$ 19,425,627</u>
Internal allocation of management and general expenses:						
Total expenses	\$10,554,878	\$ 4,995,661	\$ 1,901,258	\$ 345,797	\$ 1,628,033	\$ 19,425,627
Allocation	<u>530,200</u>	<u>542,102</u>	<u>100,160</u>	<u>117,176</u>	<u>(1,289,638)</u>	<u>-</u>
	<u>\$11,085,078</u>	<u>\$ 5,537,763</u>	<u>\$ 2,001,418</u>	<u>\$ 462,973</u>	<u>\$ 338,395</u>	<u>\$ 19,425,627</u>

See independent auditor's report.

DCCCA, INC.

SCHEDULE OF OKLAHOMA DEPARTMENT OF HUMAN SERVICES AWARDS

Year Ended June 30, 2015

Program Title	Purchase Order Number	Purchase Order Amount	Receipts	Expenses
Bridge Resource Families	8309021442	\$ 3,473,600	\$ 1,880,649	\$ 1,933,472

See independent auditor's report.

DCCCA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through National Institute of Food and Agriculture			
Passed through Kansas State Department of Education			
Cooperative Extension Service	10.500	2015	\$ 13,994
Passed through Food and Nutrition Services			
Passed through Kansas State Department of Education			
Food and Nutrition Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	X0922	12,474
National School Lunch Program	10.555	X0922	26,050
Child and Adult Care Program	10.558	X0057	9,127
Passed through Kansas State Department of Education			
Child Nutrition and Wellness			
2012 Teen Nutrition Training Grant	10.574	X0057	250
2014 Teen Nutrition Training Grant	10.574	X0057	300
Total U.S. Department of Agriculture			<u>62,195</u>
U.S. Department of Transportation:			
Passed through Federal Transit Administration			
Passed through Kansas Department of Transportation			
Formula Grants for Rural Areas	20.509	CTD10 USC 49-5311	25,966
Passed through National Highway Traffic Safety Administration			
Passed through Oklahoma Highway Safety Office			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	OHSO-FFY2015-DCCCA-00098	20,208
Passed through National Highway Traffic Safety Administration			
Passed through Kansas Department of Transportation			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SP-1000-14 SP-1000-15 SP-1303-14 SP-1303-15 SP-1304-14	682,406
Child Safety and Child Booster Seats Incentive Grants	20.613	SP-1311-14	7,699
National Priority Safety Program	20.616	SP-4504-15 SP-4506-15 SP-4800-15 SP-4801-14 SP-4801-15	253,226
Total U.S. Department of Transportation			<u>\$ 989,505</u>

(Continued)

DCCCA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through Substance Abuse and Mental Health Services Administration			
Passed through Center for Substance Abuse Prevention			
Passed through Kansas Department for Aging and Disability Services			
Passed through Community Services and Programs			
Passed through Behavioral Health Services Substance Abuse and			
Mental Health Services - Projects of Regional and National Significance	93.243	PFSDTL13 PFSDTL14	\$ 29,628 49,448
Passed through Substance Abuse and Mental Health Services Administration			
Passed through Center for Substance Abuse Prevention Drug-Free			
Communities Support Program Grants	93.276	New Traditions Coalition DFC 1H79SP016605-04 1H79SP016605-05	25,715 102,598
Passed through Substance Abuse and Mental Health Services Administration			
Passed through Kansas Department for Aging and Disability Services			
Passed through Community Services and Programs			
Passed through Behavioral Health Services			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	327216 RPC-DBHS-16345- 2015	1,830,369 229,247
Total U.S. Department of Health and Human Services			2,267,005
Total federal awards expenditures			\$ 3,318,705

See accompanying notes to schedule of expenditures
of federal awards.

DCCCA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2015

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of DCCCA 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's statement of activities.

DCCCA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
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:	Unmodified
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

93.959

Name of Federal Program

Block Grants for Prevention
and Treatment of Substance
Abuse

DCCCA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

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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Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

DCCCA, INC.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2015

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DCCCA, Inc. (DCCCA), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DCCCA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DCCCA's internal control. Accordingly, we do not express an opinion on the effectiveness of DCCCA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of DCCCA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DCCCA's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DCCCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DCCCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berberich Trahan & Co., P.A.

December 14, 2015
Topeka, Kansas



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE**

Board of Directors
DCCCA, Inc.

Report on Compliance for Each Major Federal Program

We have audited DCCCA, Inc.'s (DCCCA) 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's major federal program for the year ended June 30, 2015. DCCCA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for DCCCA's major federal program based on our audit of the types of compliance requirements referred to above. 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'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 on compliance for the major federal program. However, our audit does not provide a legal determination of DCCCA's compliance.

Opinion on Each Major Federal Program

In our opinion, DCCCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of DCCCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered DCCCA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Berberich Trahan & Co., P.A.

December 14, 2015
Topeka, Kansas