

**TENNESSEE ASSOCIATION OF  
ALCOHOL, DRUG & OTHER  
ADDICTION SERVICES, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

***JOE OSTERFELD, CPA  
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# **TENNESSEE ASSOCIATION OF ALCOHOL, DRUG & OTHER ADDICTION SERVICES, INC.**

## **FINANCIAL STATEMENTS AND AUDITOR'S REPORTS**

**JUNE 30, 2015**

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# **Joe Osterfeld, CPA**

**Certified Public Accountant**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Tennessee Association of Alcohol, Drug & Other Abuse Services, Inc.  
Nashville, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying statement of financial statements of the Tennessee Association of Alcohol, Drug & Other Abuse Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of the year ended June 30, 2015, and the related statements of activities, functional expenses, 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 opinions 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 the entity'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 the entity'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 opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee Association of Alcohol, Drug & Other Abuse Services, Inc., 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**

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of state awards is presented for purposes of additional analysis as required by the State of Tennessee. 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 11, 2015, on our consideration of the Tennessee Association of Alcohol, Drug & Other Abuse Services, 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 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 the Organization's internal control over financial reporting and compliance.

Joe Osterfeld, CPA  
Columbia, Tennessee  
December 11, 2015

**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015**

<u>ASSETS</u>	
Cash	\$207,536
Accounts receivable	13,374
Grantor receivable - State of Tennessee	128,621
Inventory	<u>26,368</u>
Total current assets	375,899
 Land, building, and equipment	 73,378
Accumulated depreciation	<u>(73,378)</u>
Net land, building, and equipment	0
 Total assets	 <u><u>\$375,899</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
Accounts payable	\$3,000
Accrued expenses	10,604
Deferred revenue - dues paid in advance	<u>24,025</u>
Total current liabilities	37,629
 Net assets, unrestricted	 <u>338,270</u>
Total net assets	<u>338,270</u>
Total liabilities and net assets	<u><u>\$375,899</u></u>

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

**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>PUBLIC SUPPORT AND REVENUE</u>			
Awards		\$1,455,037	\$ 1,455,037
Training fees	\$ 29,466		29,466
Bookstore revenues	58,654		58,654
Private grants	73,632		73,632
Conferences	61,824		61,824
Contributions	4,550		4,550
Special events	5,411		5,411
Membership dues	45,800		45,800
Rental	6,762		6,762
Other income	2,456		2,456
Interest income	119		119
Net assets released from restrictions	1,455,037	(1,455,037)	0
Total public support and revenue	1,743,711	0	1,743,711
<u>EXPENSES</u>			
Program services	1,561,037	0	1,561,037
Support Services	167,844	0	167,844
Total expenses	1,728,881	0	1,728,881
Increase (decrease) in net assets	14,830	0	14,830
Net assets, beginning	323,440	0	323,440
Net assets, end of year	<u>\$338,270</u>	<u>\$0</u>	<u>\$338,270</u>

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

**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services												Support Services	
	Community Outreach	Screening, Intervention & Referral to Treatment	TCB	Problem Gambling Outreach & Education	ACA POG	Prevention Alliance of Tennessee Grant	PRSC	State of Tennessee Media Campaign	Behavioral Health Training	Peer Recovery Specialist Training	Affordable Care Act Training	Bookstore and Member Services	Management & General	Total
Salaries	\$51,590	\$6,262	\$39,518	\$3,480	\$582	\$40,460	\$0	\$0	\$98,509	\$0	\$40,903	\$20,852	\$94,579	\$396,735
Employee benefits	14,803	2,060	6,006	1,049	211	11,482	0	0	22,162	0	10,546	4,614	23,107	96,040
Professional services	11,233	361,619	14,196	5,543	0	3,170	401	284,596	115,795	28,829	3,788	33,337	37,573	900,080
Supplies	6,119	13,176	2,114	0	129	2,154	13,318	3,400	20,917	0	2,666	4,862	2,478	71,333
Bookstore purchases	0	0		0	0	0	0	0	0	0	0	41,394	0	41,394
Telephone and internet	205	0	1,940	125	0	2,566	128	0	7,297	0	1,816	1,817	1,062	16,956
Postage & shipping	619	0	32	128	0	0	0	0	5,463	0	0	344	0	6,586
Occupancy	26,967	0	8,400	4,903	0	6,300	0	0	18,600	0	2,400	9,174	1,600	78,344
Equipment rent & maintenance	509	60	0	120	0	0	0	0	5,570	0	0	546	1,088	7,893
Printing & publications	931	1,667	30	34	559	1,270	338	0	4,879	0	0	72	0	9,780
Travel, conferences & meetings	835	1,515	3,283	207	0	3,143	440	0	18,384	0	2,511	2,801	6,357	39,476
Special events	0	0	0	0	0	0	2,953	0	0	0	0	14,470	0	17,423
Insurance	200	0	250	36	0	250	0	0	1,581	0	0	600	0	2,917
Membership dues	2,652	0	0	0	0	450	0	0	5,401	0	395	7,126	0	16,024
Advertising & other expenses	0	0	3,992	1,500	0	3,486	0	0	0	5,229	11,323	2,370		27,900
Total expenses	\$116,663	\$386,359	\$79,761	\$17,125	\$1,481	\$74,731	\$17,578	\$287,996	\$324,558	\$34,058	\$76,348	\$144,379	\$167,844	\$1,728,881

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

**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase (decrease) in net assets	\$14,830
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Adjustments to reconcile increase in net assets to net  
cash provided (used) by operations:

Depreciation	0
(Increase) decrease in:	
Accounts receivable	11,893
Grant receivable - State of Tennessee	372,234
Inventory	5,093
Increase (decrease) in:	
Accounts payable	(270,438)
Accrued expenses	1,492
Grant payable	(422)
Deferred revenue	(21,800)
Total from operations	112,882

<b><u>INVESTING ACTIVITIES:</u></b>	0
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<b><u>FINANCING ACTIVITIES:</u></b>	0
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Increase (decrease) in cash	112,882
Beginning cash balance	94,654
Ending cash balance	\$207,536

The accompanying notes are an integral part of the financial statements



**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

Tennessee Association of Alcohol, Drug & Other Abuse Services, Inc. (TAADAS), a Tennessee not-for-profit corporation, is a statewide, consumer-oriented, association with its beginnings in 1976, whose mission is to provide a collaborative Tennessee voice for addiction, co-occurring, prevention, and recovery support services to affect positive change. TAADAS operates the following programs: community outreach clearinghouse for the state of Tennessee to distribute alcohol and drug abuse prevention and educational materials, toll free information and referral number, bookstore, training programs, community coordination project, and membership services. Supportive services include fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to TAADAS's existence. A board of directors governs TAADAS.

Basis of Accounting

The financial statements of Tennessee Association of Alcohol, Drug & Other Abuse Services, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant accounts receivable, accounts payable, and other liabilities.

Basis of Presentation

Financial statement presentation follows US generally accepted accounting principles which require TAADAS to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily or permanently restricted assets at June 30, 2015.

- 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 action of TAADAS and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the TAADAS. Generally, the donor of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

Accounts Receivable

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at fiscal year-end are collectible.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are defined as all cash on hand and deposited in FDIC insured bank accounts with an original maturity of three months or less.

Deferred Revenue

Income from membership dues are deferred and recognized over the periods to which the membership dues relate.

Donated Assets

Marketable securities and other non-cash donations are recorded as contributions at their estimated fair market values at the date of the donation.

Donations of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, TAADAS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. TAADAS reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

TAADAS records donated services when they create or enhance a non-financial asset or for specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Values of Financial Instruments

Financial instruments of Agency include cash, short-term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at fiscal year-end do not differ materially from the carrying values of the financial instruments recorded in the accompanying balance sheet.

Income Tax Status

Tennessee Association of Alcohol, Drug & Other Abuse Services, Inc. is an organization, which is not considered a private foundation and is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. TAADAS's Form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2013, 2014 and 2015 are subject to examination by the IRS, generally for 3 years after they were filed. There are no tax examinations currently in process. Management has concluded that TAADAS has taken no uncertain tax positions as of June 30, 2015. Therefore, no provision for income taxes has been included in TAADAS's financial statements.

Inventory

The inventory, which primarily consists of books and gifts for sale in the bookstore, are stated at cost determined on a first-in, first-out basis.

Planned Major Maintenance Activities

Costs or fair market value for donated items and services for planned major maintenance in excess of \$10,000 are treated as additions to property and equipment and depreciated over their estimated useful lives using the straight-line method. For the year ended June 30, 2015, there were no planned major maintenance activities.

**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

Promises to Give

Unconditional promises to give are recognized as revenue or a gain in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful life of assets, presently five years. Depreciation is reflected as an expense in the Statement of Functional Expenses. All assets were fully depreciated at June 30, 2015.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - CASH AND CREDIT RISK**

All cash and certificate of deposits of Tennessee Association of Alcohol, Drug & Other Abuse Services, Inc. are deposited in FDIC insured banks. TAADAS had no deposits exceeding the \$250,000 FDIC deposit insurance coverage.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable consist primarily of balances due for bookstore sales and fees.

**TENNESSEE ASSOCIATION FOR ALCOHOL,  
DRUG & OTHER ADDICTION SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 - EMPLOYEE PENSION PLAN**

TAADAS maintains a simple IRA retirement plan to which TAADAS matches employee contributions up to 3% of the salaries and wages of covered employees. Pension expense for the year ending June 30, 2015 was \$17,425.

**NOTE 5 - FINANCIAL DEPENDENCE AND GRANTOR RECEIVABLE**

TAADAS is substantially funded by federal and state grants awarded by the State of Tennessee's Department of Mental Health. All of the grantor receivable is related to State of Tennessee Department of Mental Health contracts. A significant reduction in the level of this support, if this were to occur, may have an effect in TAADAS's programs and activities. In addition, the grants prescribe allowable expenditure guidelines with which Agency must comply. The grants are received prospectively, subject to subsequent verification of the incurring of allowable expenditures or provision of qualifying services.

**NOTE 6 – OPERATING LEASES**

Rent expense for the year ending June 30, 2015 was \$78,344 for four office suites at 1321 Murfreesboro Road in Nashville, Tennessee. The office suites are leased from Airport Plaza LLC at a monthly cost of \$5,837 per month until September 2014. Monthly rent then increases beginning October 1, 2014 to \$6,114 through June 2015. Rent for the original office suite 155 continues for the period from July 1, 2015 to September 30, 2015 is \$4,914 per month. The four leases then become month to month rentals with the tenant and the landlord each having the right to exercise a 30 day notice to cancel the use of the office suites. TAADAS also rents office equipment under various term agreements, but no lease is considered a capital lease. The rent expense for the office equipment was \$7,565 which also includes maintenance. Future minimum rental payments for leases with initial lease terms of one year or more are \$77,808 for the years ending June 30, 2016, \$80,028 for 2017, 2018, 2019, 2020, and \$26,676 for 2021.

**NOTE 7 - DATE OF MANAGEMENT'S REVIEW**

Management has evaluated subsequent events through December 5, 2015, the date which the financial statements were available to be issued. No material subsequent events have occurred that need to be disclosed.

**TENNESSEE ASSOCIATION OF ALCOHOL, DRUG & OTHER ABUSE SERVICES, INC.**  
**SCHEDULE OF FEDERAL AWARDS**  
**JUNE 30, 2015**

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Grantor Agency and Program Name</u>	<u>Balance July 1, 2014</u>	<u>Grant Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
<u>U.S. Department of Health and Human Services:</u>						
Passed Through Tennessee Department of Mental Health & Substance Abuse Services:						
93.959	Edison 42579	Block Grants for Prevention & Treatment of Substance Abuse	-	62,901	79,762	(16,861)
93.959	Edison 38274	Block Grants for Prevention & Treatment of Substance Abuse	(16,869)	147,379	139,995	(9,485)
93.959	Edison 36139	Block Grants for Prevention & Treatment of Substance Abuse	(47,835)	213,942	179,991	(13,884)
93.959	Edison 32394	Block Grants for Prevention & Treatment of Substance Abuse	-	5,370	5,370	-
93.959	Edison 39417	Block Grants for Prevention & Treatment of Substance Abuse	-	29,797	29,797	-
93.959	Program 341303	Block Grants for Prevention & Treatment of Substance Abuse	(155,017)	418,849	263,832	-
93.959	Edison 38276	Block Grants for Prevention & Treatment of Substance Abuse	(68,845)	387,500	374,290	(55,635)
Total Drug and Alcohol Block Grant *			<u>(288,566)</u>	<u>1,265,738</u>	<u>1,073,037</u>	<u>(95,865)</u>
93.243	Edison 43412	Block Grants for Prevention & Treatment of Substance Abuse	-	113,109	135,000	(21,891)
93.243	Edison 36139	Substance Abuse & Mental Health Services Projects PFS	(207,364)	207,364	-	-
Total Substance Abuse & Mental Health Services Projects			<u>(207,364)</u>	<u>320,473</u>	<u>135,000</u>	<u>(21,891)</u>
Totals			<u>\$ (495,930)</u>	<u>\$ 1,586,211</u>	<u>\$ 1,208,037</u>	<u>\$ (117,756)</u>

\* Represents a major program for Single Audit Purposes.

Amounts shown in brackets represents money due from the grantor.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**TENNESSEE ASSOCIATION OF ALCOHOL, DRUG & OTHER ABUSE SERVICES, INC.**  
**SCHEDULE OF STATE AWARDS**  
**JUNE 30, 2015**

<u>State Contract Number</u>	<u>Grantor Agency and Program Name</u>	<u>Balance July 1, 2014</u>	<u>Grant Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
<u>Tennessee Department of Mental Health &amp; Substance Abuse Services:</u>					
Edison 38164	Problem Gambling Outreach Education & Referrals Program	(4,925)	24,633	20,000	(292)
Edison 42045	Training Program ( Edison # 320620/400055)	-	1,427	12,000	(10,573)
Edison 36139	Training Program ( Edison # 320620)	-	215,000	215,000	-
	Totals	<u>\$ (4,925)</u>	<u>\$ 241,060</u>	<u>\$ 247,000</u>	<u>\$ (10,865)</u>
Grand totals of stae and federal awards		<u>\$ (500,855)</u>	<u>\$ 1,827,271</u>	<u>\$ 1,455,037</u>	<u>\$ (128,621)</u>

Amounts shown in brackets represents money due from the grantor.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

# **Joe Osterfeld, CPA**

## **Certified Public Accountant**

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### **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**

To the Board of Trustees of  
Tennessee Alcohol, Drug & Other Abuse Services, Inc., Inc.  
Nashville, Tennessee

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 Tennessee Alcohol, Drug & Other Abuse Services, Inc., Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2015.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tennessee Alcohol, Drug & Other Abuse Services, Inc., Inc.'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 Tennessee Alcohol, Drug & Other Abuse Services, Inc., Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the entity'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 Tennessee Alcohol, Drug & Other Abuse Services, Inc., Inc.'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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Joe Osterfeld, CPA  
Columbia, Tennessee  
December 11, 2015



# **Joe Osterfeld, CPA**

**Certified Public Accountant**

**710 North Main Street ~ Suite A ~ PO Box 807 ~ Columbia, TN 38402-0807**  
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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Tennessee Alcohol, Drug & Other Abuse Services, Inc.  
Nashville, Tennessee

### **Report on Compliance for Each Major Federal Program**

We have audited the Tennessee Alcohol, Drug & Other Abuse Services, 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 each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are 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 each of the Organization's major federal programs 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 the Organization'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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Tennessee Alcohol, Drug & Other Abuse Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 the Organization'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.

Joe Osterfeld, CPA  
Columbia, Tennessee  
December 11, 2015

**Tennessee Association of Alcohol, Drug & Other Addiction Services**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes      ☒ no

Significant deficiencies(s) identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      ☒ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      ☒ no

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes      ☒ no

Significant deficiencies(s) identified that are  
not considered to be material weaknesses \_\_\_\_\_ yes      ☒ none reported

Type of auditor's report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required  
to be reported in accordance with section  
510(a) of Circular A-133? \_\_\_\_\_ yes      ☒ no

Identification of major programs:

CFDA Number(s)

93.959

Name of Federal Program

Drug and Alcohol Block Grant

Dollar threshold used to distinguish between  
type A and type B programs: \$300,000

Auditee qualified as low risk? \_\_\_\_\_ yes      ☒ no

**Tennessee Association of Alcohol, Drug & Other Addiction Services**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

**Section II - Financial Statement Findings**

Current Year Findings:      No matters were reported.

Prior Year Findings:      No matters were reported.

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

Current Year Findings:      No matters were reported.

Prior Year Findings:      No matters were reported.