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COUNCIL ON ALCOHOLISM AND DRUG ABUSE OF NORTHWEST LOUISIANA, INC.

FINANCIAL STATEMENTS

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the auditor, the clerk of court, and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

JUNE 30, 1999

Release Date **JAN 12 2000**

YOUNGBLOOD & HODGES

A PROFESSIONAL ACCOUNTING CORPORATION

4700 LINE AVENUE

P. O. Box 5926

SHREVEPORT, LOUISIANA 71135-5926

THOMAS P. YOUNGBLOOD, CPA
RANDLE R. HODGES, CPA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Council on Alcoholism & Drug Abuse
Of Northwest Louisiana, Inc.
Shreveport, LA

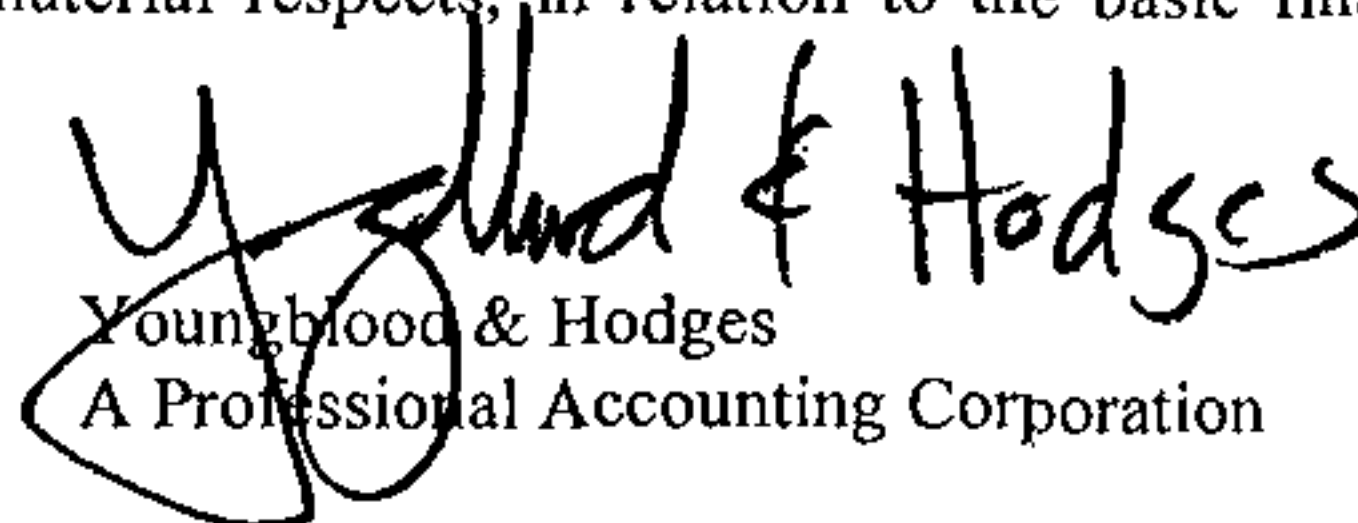
We have audited the accompanying statement of financial position of the Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 the 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 the Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 1999, on our consideration of the Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is 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.


Youngblood & Hodges
A Professional Accounting Corporation

December 22, 1999

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

ASSETS

Current assets:

Cash on hand and in bank, including \$38,767 bearing interest (Note 1)	\$ 117,968
Food stamps	670
Accounts receivable	287,845
Prepaid expense	<u>14,418</u>
Total current assets	<u>420,901</u>

Property and equipment at cost (Notes 1 & 4):

Buildings & land	1,332,756
Leasehold improvements	90,496
Furniture and fixtures	17,154
Equipment	<u>483,917</u>
	1,924,323
Less: Accumulated depreciation	<u>(220,959)</u>
Total property and equipment	<u>1,703,364</u>

Total assets	<u>\$ 2,124,265</u>
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See accountant's report and notes to financial statements

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 20,721
Payroll taxes payable	23,605
Unearned rent income (Note 4)	41,750
Other-ADAC fund payable	1,851
Notes payable-current portion	<u>16,827</u>
Total current liabilities	<u>104,754</u>

Long-term liabilities:

Notes payable (Note 5)	<u>388,173</u>
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Total liabilities	<u>492,927</u>
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Net assets:

Net assets - Unrestricted	<u>1,631,338</u>
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Total liabilities and net assets	<u>\$ 2,124,265</u>
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See accountant's report and notes to financial statements

COUNCIL ON ALCOHOLISM AND DRUG ABUSE OF NORTHWEST LOUISIANA, INC.
Statement of Activities
For the Year Ended June 30, 1999

	Information Program	Caddo- Bossier Center Program	Adolescent Center Program	Buckhalter Program	Employee Assistance Program	STEPS	The Partnership	Mansfield	Total
Public support:									
United Way	41,000	-	-	-	-	-	-	-	41,000
Membership and Contributions (Note 3)	768,302	-	3,150	600	-	17,945	-	120	790,117
Donations	695	-	-	-	-	-	-	-	695
Total public support	<u>809,997</u>	<u>-</u>	<u>3,150</u>	<u>600</u>	<u>-</u>	<u>17,945</u>	<u>-</u>	<u>120</u>	<u>831,812</u>
Revenues:									
Management contracts-									
City, state & federal government	216,889	196,526	583,294	186,580	101,977	140,579	84,630	73,239	1,583,714
Annual meeting & seminars	5,978	-	-	-	-	-	-	-	5,978
Client payments	19,554	34,214	9,725	-	60	558	-	2,935	67,046
Food stamps	-	28,509	34,673	36,043	-	-	-	-	99,225
Reimbursed expenses	213,361	-	-	24,211	-	-	-	-	237,572
Miscellaneous Income	29,250	-	-	-	-	188	-	-	29,438
Interest	241	18	1,069	-	-	-	-	-	1,328
Total revenues	<u>485,273</u>	<u>259,267</u>	<u>628,761</u>	<u>246,834</u>	<u>102,037</u>	<u>141,325</u>	<u>84,630</u>	<u>76,174</u>	<u>2,024,301</u>
Total public support and revenues	<u>1,295,270</u>	<u>259,267</u>	<u>631,911</u>	<u>247,434</u>	<u>102,037</u>	<u>159,270</u>	<u>84,630</u>	<u>76,294</u>	<u>2,856,113</u>
Expenses:									
Salaries	255,720	118,716	359,843	116,829	62,751	106,256	20,102	42,458	1,082,675
Payroll taxes	28,259	13,916	41,521	13,097	7,063	11,577	2,364	4,670	122,467
Rent	8,608	-	32,723	5,654	3,074	-	2,750	6,581	59,390
Utilities and telephone	15,637	20,023	27,915	407	6,870	22,053	6,420	4,104	103,429
Auto expenses	406	3,731	7,131	685	-	1,668	880	-	14,501
Insurance	28,555	9,838	13,541	8,244	2,106	4,739	2,554	3,552	73,129
Training and travel	12,087	1,585	1,825	2,863	1,462	2,688	390	1,318	24,218
Annual meeting	8,327	-	-	-	-	-	-	-	8,327
Food	184	31,337	43,912	48,840	127	12,070	-	10	136,480
Maintenance & repair	12,738	16,155	12,492	2,467	2,069	4,782	2,021	941	53,665
Supplies	16,128	13,295	17,192	13,665	6,202	9,415	655	3,059	79,611
Printing and literature	5,666	862	1,989	957	2,365	847	690	212	13,588
Depreciation	33,152	9,240	11,702	2,055	2,217	14,562	-	-	72,928
Professional services	53,074	10,362	18,042	17,286	5,304	3,064	48,716	4,397	160,245
Advertising and promotion	-	-	318	-	-	-	-	-	318
Interest expense	10,994	-	-	-	-	-	-	-	10,994
Other	31,438	3,656	10,184	7,545	1,673	3,806	1,485	1,357	61,144
Total program services	<u>520,973</u>	<u>252,716</u>	<u>600,330</u>	<u>240,594</u>	<u>103,283</u>	<u>197,527</u>	<u>89,027</u>	<u>72,659</u>	<u>2,077,109</u>
Supporting services									
Fund Raising	778	-	133	40	40	15	15	-	1,021
Total supporting services	<u>778</u>	<u>-</u>	<u>133</u>	<u>40</u>	<u>40</u>	<u>15</u>	<u>15</u>	<u>-</u>	<u>1,021</u>
Change in net assets	773,519	6,551	31,448	6,800	(1,286)	(38,272)	(4,412)	3,635	777,983
Net assets - June 30, 1998	<u>255,460</u>	<u>95,603</u>	<u>218,522</u>	<u>(32,712)</u>	<u>22,282</u>	<u>258,017</u>	<u>36,183</u>	<u>-</u>	<u>853,355</u>
Net assets - June 30, 1999	<u>1,028,979</u>	<u>102,154</u>	<u>249,970</u>	<u>(25,912)</u>	<u>20,996</u>	<u>219,745</u>	<u>31,771</u>	<u>3,635</u>	<u>1,631,338</u>

See accountant's report and notes to financial statements

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999

Cash flows from operating activities	
Change in net assets	\$ 777,983
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	72,928
(Increase) decrease in accounts receivable	(86,788)
(Increase) decrease in food stamps	1,372
(Increase) decrease in prepaid expenses	(7,018)
(Increase) in buildings from donation	(655,000)
Increase (decrease) in accounts payable	(958)
Increase (decrease) in accrued liabilities	600
Increase (decrease) in payroll taxes payable	15,720
Increase (decrease) in unearned rent income	41,750
(Gain) loss on disposal of property	(365)
Total adjustments	<u>(617,759)</u>
Net cash provided (used) by operating activities	<u>160,224</u>
<u>Cash flow from investing activities:</u>	
Cash payments for the purchase of equipment	(99,892)
Cash payments for the purchase of property	(526,756)
Cash payments for the purchase of furniture	<u>(6,169)</u>
Net cash provided (used) by investing activities	<u>(632,817)</u>
<u>Cash flow from financing activities:</u>	
Net borrowings on line of credit	<u>405,000</u>
Net cash provided (used) by financing activities	<u>405,000</u>
Net increase (decrease) in cash and equivalents	(67,593)
Cash and equivalents, beginning of year	<u>185,561</u>
Cash and equivalents, end of year	<u>\$ 117,968</u>
<u>Supplemental disclosures of cash flow information:</u>	
Cash paid during the year for:	
Interest expense	<u>\$ 10,994</u>
Income Tax	<u>\$ 0</u>

See accountant's report and notes to financial statements

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.
SCHEDULE OF STATE CONTRACTS
AWARDED BY THE STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS
OFFICE OF ALCOHOL AND DRUG ABUSE
FOR THE YEAR ENDED JUNE 30, 1999

<u>Contract Number</u>	<u>Contract Term</u>	<u>Contract Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>Buckhalter Hotel</u>				
64796	07/01/98-06/30/99	\$149,500	\$149,500	\$149,500
<u>Caddo-Bossier Center</u>				
64791	07/01/98-06/30/99	\$196,526	\$196,526	\$196,526
<u>Adolescent Center</u>				
64773	07/01/98-06/30/99	\$590,972	\$583,294	\$583,294
<u>Mansfield ADAC</u>				
65718	09/01/98-06/30/99	\$86,100	\$73,239	\$73,239
<u>S.T.E.P.S.</u>				
64772	07/01/98-06/30/99	\$140,000	\$140,000	\$140,000
<u>Addiction Recovery Clinic</u>				
65831	11/15/98-06/30/99	\$40,000	\$38,747	\$38,747

The Cost Report and Budget for ICF-h and other Residential Care Facilities for the Caddo Bossier Center and the Adolescent Center that were submitted to the Bureau of Health Services Financing have been audited by us and found to be allowable costs in accordance with the guidelines prescribed by the Provider Reimbursement Manual - HIM 15 and the DHH Residential Care Rate Setting Manual.

See accountant's report and notes to financial statements

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999

(1) SIGNIFICANT ACCOUNTING POLICIES

Organization

The Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. is a non-profit corporation. The purpose of the Council is to continue heightening public awareness that alcoholism and drug addictions are preventable and treatable diseases, through a combined strategy of education, public policy changes and the combined strategy of education, public policy changes and the efforts of individuals, families and all elements of the community working in concert. The Council operates an information center providing a wide variety of information and referrals. The Council also operates the Caddo Bossier Center, the Adolescent Center and the Buckhalter Hotel that provide long-term residential treatment for adults and teens.

Depreciation and capitalization policy

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis. The basis of valuation of depreciable assets is the asset's cost or fair market value at date of donation. Expenditures for assets in excess of \$500 are capitalized.

Provision for Income Taxes

No provision for income taxes is reflected in the statements as the Council files a tax-exempt return under IRS Section 501(c)(3).

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash within ninety (90) days of purchase.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services 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.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

(1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The organization has not accrued compensated absences because the amount cannot be reasonably estimated.

Cash

At various times during the fiscal year, the Council's cash in bank balances exceeded the Federally insured limits. At June 30, 1999, the Council's uninsured cash balances totaled \$90,426.

(2) LEASES

The Council leases the facilities that house its Adolescent Center on a month-to-month basis. Lease payments are \$2,100 per month resulting in minimum lease rental payments of \$25,200 in the year ending June 30, 1999.

The Council leases the facilities that house its Caddo-Bossier Center on a ten (10) year basis for \$1 per year beginning July 1, 1997, and ending June 30, 2007.

The Council leases the facilities that house its Mansfield Treatment Center on a month-to-month basis. Lease payments are \$395 per month resulting in minimum lease rental payments of \$4,740 in the year ending June 30, 1999.

All leases are accounted for as operating leases.

(3) CONTRIBUTIONS

Included in the Information Center Membership and Contributions is a donated building and parking lot valued at \$715,000. This building is used as the Council's main office. A portion of the building is leased to a related nonprofit organization—Louisiana Association on Compulsive Gambling.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

(4) RELATED PARTY TRANSACTIONS

The Council entered into transactions with Louisiana Association on Compulsive Gambling (LACG), a nonprofit organization related through common management. The Council owns a building (separate from the Council's main office mentioned in Note 3 above) that it leases to LACG. The term of the lease is five (5) years and the rental payment is \$4,500 per month. The lease includes a \$45,000 deposit by LACG that LACG may deduct from its rental payments to the Council at the rate of \$500 per month for ninety (90) consecutive months as a reduction in the amount of the deposit. At June 30, 1999, the remaining amount of the deposit was \$41,750. In the event that LACG does not make monthly payments or elects not to occupy the leased premises, the balance of the remaining deposit will be forfeited to the Council. The Council received \$12,000 in management fees from LACG for the administrative costs of managing LACG's contracts and maintaining its accounting records. The Council also processes LACG's payroll under the Council's name; the Council is reimbursed by LACG for the total cost of the payroll and associated payroll taxes.

(5) NOTE PAYABLE

Notes payable at June 30, 1999, consists of the following:

Note payable to bank at 7.75% under terms of multiple advance loan; interest payable monthly through March 8, 2000; all unpaid principal and interest due and payable March 8, 2000; secured by real estate	\$405,000
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Subsequent to June 30, 1999, the Council re-negotiated the terms of the above note. On September 7, 1999, the terms of the note changed to an interest rate of 7.5%, monthly principal and interest payments of \$3,208 for 59 months and a balloon payment of the balance of the note due on September 7, 2004.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1999

(5) NOTE PAYABLE (Continued)

Current maturities of long-term debt are as follows:

<u>Years ended June 30:</u>	
2000	\$ 16,827
2001	9,719
2002	10,473
2003	11,286
2004	12,163
2005 and beyond	<u>344,532</u>
Total long-term debt	<u>\$ 405,000</u>

Interest expense for the year ended June 30, 1999, was \$10,994 and was charged to operations.

In addition to the above note payable, the Council has a \$15,000 letter of credit that has not been used as of June 30, 1999. The Council also has a line of credit for a balance of up to \$75,000; at June 30, 1999, the line of credit had a zero balance.

(6) CONCENTRATIONS

Approximately 40% of the Council's total revenue comes from one source. However, the revenue is divided among six separate contracts with that source, thus reducing the possibility of a severe adverse effect upon the Council if a contract is lost with that revenue source.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Council on Alcoholism & Drug Abuse
Of Northwest Louisiana, Inc.
Shreveport, LA

We have audited the financial statements of the Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


Compliance

As part of obtaining reasonable assurance about whether the Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and 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.


YOUNGBLOOD & HODGES
A Professional Accounting Corporation

December 22, 1999

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Council on Alcoholism & Drug Abuse
Of Northwest Louisiana, Inc.
Shreveport, LA

Compliance

We have audited the compliance of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 1999. The Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s major federal programs are 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 each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on Council's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Council on Alcoholism and Drug Abuse of Northwest Louisiana, 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 the Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s compliance with those requirements.

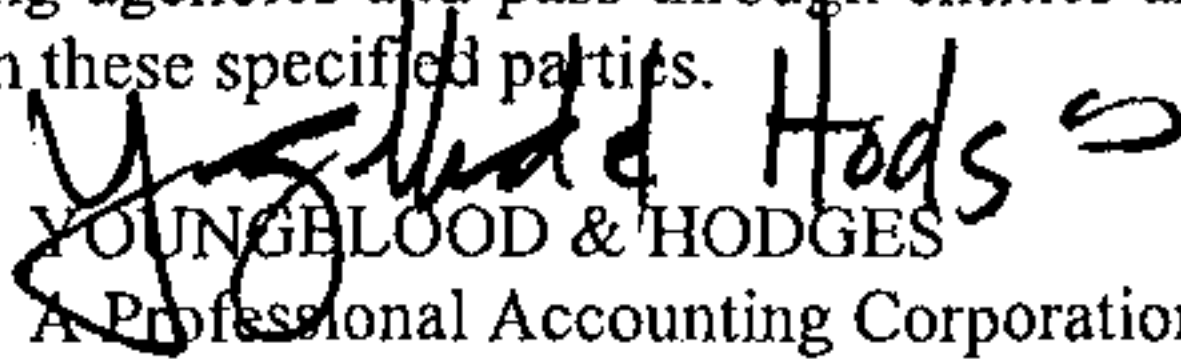
In our opinion, the Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a jamor federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and 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.


YOUNGELOOD & HODGES
A Professional Accounting Corporation

December 22, 1999