

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

Notes to the Financial Statements

June 30, 1996

(1) SIGNIFICANT ACCOUNTING POLICIES

Organization

The Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. is a non-profit corporation. The purposes 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 and the Adolescent Center which provides long-term residential treatment for adults and teens respectively.

Depreciation

Depreciation of equipment is provided over the estimated useful lives of the respective assets on the straight-line basis.

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 which 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.

Estimates

The preparation of financial statements in conformity with generally

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS

To the Board of Directors of  
Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.

We have audited the financial statements of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 21, 1996.

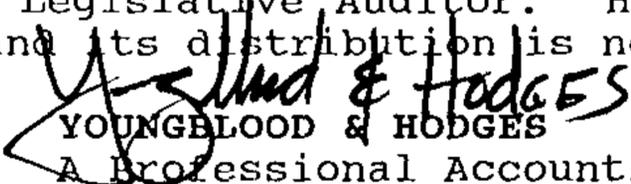
We have applied procedures to test Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s compliance with the following requirements applicable to its state contracts, which are identified in the accompanying schedule of state contracts, for the year ended June 30, 1996.

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Allowable costs
- Drug-free workplace

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Educational Institutions and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the board of directors, management, and Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

  
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November 21, 1996

Institute of Certified Public Accountants.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management, and State of Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

  
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noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate. For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal awards in the following categories:

Accounting Controls

Cash  
Support, Receivables and Receipts  
Expenditures for Supporting Services and Accounts Payable  
Payroll and Related Liabilities  
Property and Equipment  
Governmental Financial Assistance Programs

Administrative Controls

General Requirements  
Political activity  
Davis-Bacon Act  
Civil rights  
Cash management  
Allowable costs  
Drug-free workplace

Specific Requirements  
Types of services allowed  
Eligibility

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. expended 100% of its total federal awards under major programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Organization's major programs, which are identified in the accompanying schedule of federal awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American

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## SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

We have audited the financial statements of Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) for the year ended June 30, 1996, and have issued our report thereon dated November 21, 1996. We have also audited the Organization's compliance with requirements applicable to major programs and have issued our report thereon dated November 21, 1996.

We conducted our audits in accordance with generally accepted auditing standards; GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether the Organization complied with laws and regulations, noncompliance with which would be material to a major program.

In planning and performing our audits of Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and on its compliance with requirements applicable to major programs and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal awards. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated November 21, 1996

The management of Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards are managed in compliance with laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS

To the Board of Directors  
Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.

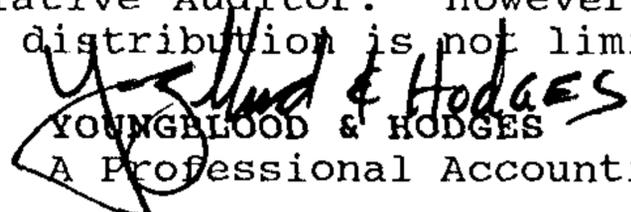
We have audited the financial statements of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 21, 1996.

We have also audited Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; and claims for reimbursements; which are applicable to each of its contracts, which are identified in the accompanying schedule of state contracts, for the year ended June 30, 1996. The management of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; reporting; and claims for reimbursements; that are applicable to each of its state contracts for the year ended June 30, 1996.

This report is intended for the information of the board of directors, management, and Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

  
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November 21, 1996

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

Statement of Support, Revenue and Expenses

For the Year Ended June 30, 1996

	<u>Employee Assistance Program</u>	<u>Information Program</u>	<u>Caddo Bossier Center Program</u>	<u>Adolescent Center Program</u>	<u>Buckhalter Program</u>	<u>STEPS</u>	<u>Total</u>
Public support:							
United Way	-	46,833	-	-	-	-	46,833
Membership	-	40,724	-	-	-	29,421	70,145
Donations	-	375	2,912	1,176	350	-	4,813
Total public support	-	87,932	2,912	1,176	350	29,421	121,791
Revenues:							
Management contracts-City, state & federal governments	-	163,781	177,569	555,319	140,687	251,017	1,288,373
Annual meeting & seminars	-	3,901	-	-	-	-	3,901
Client payments	84,249	19,124	5,487	5,699	-	-	114,559
Food Stamps	-	-	17,006	29,626	-	-	46,632
Reimbursed expenses	-	34,482	-	-	23,267	-	57,749
Interest	-	151	-	203	-	-	354
Total revenues	84,249	221,439	200,062	590,847	163,954	251,017	1,511,568
Total public support and revenues	84,249	309,371	202,974	592,023	164,304	280,438	1,633,359

See accompanying notes to the financial statements.

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

Statement of Support, Revenue and Expenses (Cont.)

For the Year Ended June 30, 1996

	Employee Assistance Program	Information Program	Caddo Bossier Center Program	Adolescent Center Program	Buckhalter Program	STEPS	Total
Expenses:							
Program services							
Salaries	56,680	136,804	102,300	345,004	103,022	-	743,810
Payroll taxes	7,157	15,160	11,887	40,075	12,271	-	86,550
Rent	6,500	24,815	-	27,000	5,400	-	63,715
Utilities and telephone	4,986	9,234	17,787	29,890	593	6,390	68,880
Auto expenses	-	-	7,898	11,516	707	111	20,232
Insurance	2,127	11,894	8,847	21,854	5,890	796	51,408
Training and travel	6,317	12,893	2,393	10,689	5,085	1,238	38,615
Annual meeting	-	3,935	-	-	-	-	3,935
Food	-	-	27,514	59,350	849	4,344	92,057
Maintenance & repair	1,420	1,995	5,197	7,767	554	1,834	18,767
Supplies	1,928	9,232	8,782	14,891	3,277	3,326	41,436
Printing and literature	2,628	5,465	1,064	6,411	1,920	300	17,788
Depreciation	2,282	4,563	4,485	4,554	2,282	6,636	24,802
Professional services	5,142	43,897	3,270	17,964	30,766	2,539	103,578
Other	<u>1,842</u>	<u>9,279</u>	<u>1,749</u>	<u>6,970</u>	<u>2,491</u>	<u>85</u>	<u>22,416</u>
Total program services	<u>99,009</u>	<u>289,166</u>	<u>203,173</u>	<u>603,935</u>	<u>175,107</u>	<u>27,599</u>	<u>1,397,989</u>
Supporting services							
General Admin.	-	-	-	-	-	-	-
Fund Raising	-	-	-	-	-	-	-
Total supporting services	-	-	-	-	-	-	-
Total expenses	<u>99,009</u>	<u>289,166</u>	<u>203,173</u>	<u>603,935</u>	<u>175,107</u>	<u>27,599</u>	<u>1,397,989</u>
Excess (deficiency) of support and revenue over expenses	<u>\$(14,760)</u>	<u>20,205</u>	<u>(199)</u>	<u>(11,912)</u>	<u>(10,803)</u>	<u>252,839</u>	<u>235,370</u>

See accompanying notes to the financial statements.

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.

#### Cash

At various times during the fiscal year, the Council's cash in bank balances exceeded the Federally insured limits. At June 30, 1996 the Council's uninsured cash balances totaled \$65,011.

#### (2) LEASES

The Council leases the facilities which house its Adolescent Center on a month-to-month basis. Lease payments are \$2,000 per month resulting in minimum lease rental payments of \$24,000 in the year ending June 30, 1996.

The Council leases its main office facilities on a month-to-month basis. The Council leases two vehicles for use in transporting clients. Minimum lease payments for these vehicles are \$13,010 in the year ending June 30, 1997, \$13,010 in the year ending June 30, 1998 and \$13,010 in the year ending June 30, 1999. Expenses related to these leases were \$13,526 in the year ending June 30, 1996. All leases are accounted for as operating leases.

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

Statement of Cash Flows

For the Year Ended June 30, 1996

Cash Flows from Operating Activities

Excess of public support & revenue over expenses	\$235,370
Adjustments to reconcile excess of public support & revenue over expenses to net cash provided by operating activities	
Depreciation	24,802
Increase in food stamps	(2,000)
Decrease in accounts receivable	59,331
Increase in prepaid expense	(4,350)
Increase in accounts payable	77,849
Decrease in payroll taxes payable	<u>(3,418)</u>

Net Cash Provided by Operating Activities \$387,584

Cash Flows from Investing Activities

Acquisition of property and equipment	<u>\$245,235</u>
Net Cash Used by Investing Activities	<u>\$245,235</u>

Increase in Cash 142,349

CASH - June 30, 1995 22,662

CASH - June 30, 1996 \$165,011

See accompanying notes to the financial statements.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

To the Board of Directors of  
Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc.

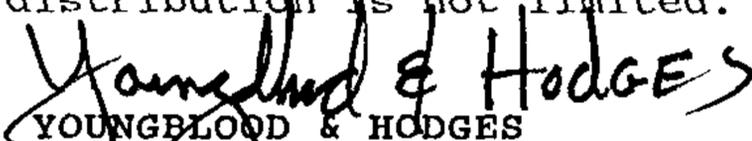
We have audited the financial statements of Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated November 21, 1996.

We conducted our audit in accordance with generally accepted auditing standards and GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. is the responsibility of Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. had not complied, in all material respects, with those provisions.

This report is intended for the information of the board of directors, management, and Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

  
YOUNGBLOOD & HODGES  
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November 21, 1996

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

Cash  
Support, Receivables and Receipts  
Expenditures for Supporting Services and Accounts Payable  
Payroll and Related Liabilities  
Property and Equipment  
Governmental Financial Assistance Programs

Administrative Controls

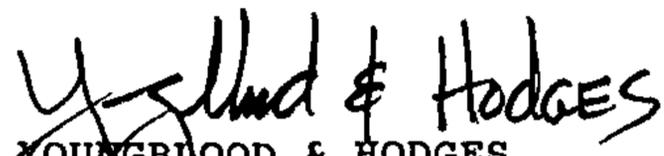
General Requirements  
Political activity  
Davis-Bacon Act  
Civil rights  
Cash management  
Allowable costs  
Drug-free workplace

Specific Requirements  
Types of services allowed  
Eligibility

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 also noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management, and Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

  
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November 21, 1996

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheet of Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) as of June 30, 1996, and the related statements of support, revenue and expenses and changes in fund balance 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, GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. as of June 30, 1996, and the results of its operations and changes in its cash flows for the year then ended in conformity with generally accepted accounting principles.

*Y. Blood & Hodges*  
YOUNGBLOOD & HODGES  
A Professional Accounting Corporation

November 21, 1996

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

Balance Sheet

June 30, 1996

ASSETS

Current assets:

Cash on hand and in bank	\$165,011	
including \$58,874 bearing interest		
Food stamps	4,620	
Accounts receivable	198,308	
Prepaid expense	<u>16,219</u>	\$384,158

Property and equipment at cost (Note 1):

Leasehold improvements	\$305,005	
Furniture and fixtures	9,939	
Equipment	<u>77,252</u>	
	392,196	
Less Accumulated depreciation	<u>89,809</u>	
	302,387	
Land	<u>1,000</u>	<u>303,387</u>
		<u>\$687,545</u>

LIABILITIES AND FUND BALANCE

Current liabilities:

Accounts payable	\$ 96,313	
Payroll taxes payable	<u>3,811</u>	\$100,124

FUND BALANCE - UNRESTRICTED

587,421  
\$687,545

See accompanying notes to the financial statements

Under provisions of state law, this report is a public document. A copy of the report is being submitted to the Council for review, entity 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

Release Date DEC 18 1996

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## INDEPENDENT AUDITOR'S REPORT Additional Information

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

We have audited the accompanying balance sheet of Council on Alcoholism & Drug Abuse of Northwest Louisiana, Inc. ( a nonprofit organization) as of June 30, 1996, and the related statements of support, revenue and expenses and changes in fund balance and financial position 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, GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States, and the provisions of office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An 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 council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. as of June 30, 1996, and the results of its operations and changes in its financial position for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements for the year ended June 30, 1996, of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. taken as a whole. The accompanying schedule of state contracts is presented for purpose of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all

material respects in relation to the financial statements taken as a whole.

*Y. Blood & Hodges*  
YOUNGBLOOD & HODGES  
A Professional Accounting Corporation

November 21, 1996

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

SCHEDULE OF STATE CONTRACTS  
 AWARDED BY THE STATE OF LOUISIANA  
 OFFICE OF HUMAN SERVICES  
 FOR THE YEAR ENDED JUNE 30, 1996

<u>Contract Number</u>	<u>Contract Term</u>	<u>Contract Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
Buckhalter Hotel				
55601	7/01/95-6/30/96	\$137,541	\$129,887	\$129,887
Treatment Alternatives to Street Crime				
55184	7/01/95-6/30/96	\$53,637	\$53,396	\$53,396
Caddo-Bossier Center				
55017	7/01/95-6/30/96	\$167,994	\$167,369	\$167,369
Adolescent Center				
55018	7/01/95-6/30/96	\$590,972	\$555,319	\$555,319
Chemical Dependency Recovery Clinic - Winnfield Clinic				
55022	7/01/95-6/30/96	\$58,000	\$58,000	\$58,000

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 accompanying notes to financial statements.

# YOUNGBLOOD & HODGES

A PROFESSIONAL ACCOUNTING CORPORATION

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

To the Board of Directors of  
Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.

We have audited the financial statements of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. (a nonprofit organization) for the year ended June 30, 1996, and have issued our report thereon dated November 21, 1996.

We conducted our audit in accordance with generally accepted auditing standards and GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. for the year ended June 30, 1996, we considered its internal control structure 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 structure.

The management of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

Statement of Changes in Fund Balance

For the Year Ended June 30, 1996

Fund balance - June 30, 1995	\$352,051
Excess of public support and revenues over expenses	<u>235,370</u>
Fund balance - June 30, 1996	<u>\$587,421</u>

See accompanying notes to the financial statements.