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CONCORDIA SUBSTANCE ABUSE COUNCIL

**General Purpose Financial Statements
and Independent Auditors' Reports
June 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 15 2000

**CONCORDIA SUBSTANCE ABUSE COUNCIL
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SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
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JOHN M. JONES, CPA 1921 - 1983

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Concordia Substance Abuse Council**

We have audited the accompanying statement of financial position of Concordia Substance Abuse Council (a nonprofit organization) as of June 30, 1999 and 1998, and the related statements of revenues, expenditures, fund balances 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 require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Concordia Substance Abuse Council as of June 30, 1999 and 1998, and the results of its operations 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 March 8, 2000 on our consideration of Concordia Substance Abuse Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

**To the Board of Directors
Concordia Substance Abuse Council
Page Two**

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Concordia Substance Abuse Council 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 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.

**Ferriday, Louisiana
March 8, 2000**

Switzer, Hopkins & Margo

CONCORDIA SUBSTANCE ABUSE COUNCIL
Statement of Financial Position
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 399	\$ 450
Grant receivable	<u>7,255</u>	<u>11,550</u>
Total current assets	<u>7,654</u>	<u>12,000</u>
Equipment (Note 3) (net of accumulated depreciation)	<u>48,344</u>	<u>71,231</u>
Total assets	<u><u>55,998</u></u>	<u><u>83,231</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Current liabilities:		
Bank overdraft	10,460	17,797
Accounts payable	6,484	5,925
Accrued compensated absences	<u>240</u>	<u>240</u>
Total liabilities	<u>17,184</u>	<u>23,962</u>
Net assets:		
Permanently restricted (Note 4)	<u>38,814</u>	<u>59,269</u>
Total liabilities and fund balance	<u><u>\$ 55,998</u></u>	<u><u>\$ 83,231</u></u>

The accompanying notes are an integral part of this statement.

CONCORDIA SUBSTANCE ABUSE COUNCIL
Combined Statements of Revenues, Expenses and Fund Balances
For the Year Ended June 30, 1999
With Comparative Totals for June 30, 1998

	<u>1999</u>	<u>1998</u>
REVENUES:		
Grant from governmental agency	\$ 357,897	\$ 375,426
Grant from foundations	-	12,000
Client fee income	5,513	10,434
Miscellaneous income	4,014	1,885
	<u>367,424</u>	<u>399,745</u>
GENERAL AND ADMINISTRATIVE EXPENSES:		
Salaries	194,063	184,096
Payroll taxes	16,753	17,207
Travel	29,222	20,593
Operating services	95,061	86,790
Supplies	30,414	60,411
Professional services	22,366	21,036
	<u>387,879</u>	<u>390,133</u>
EXCESS DEFICIENCY OF REVENUES OVER EXPENSES	(20,455)	9,612
NET ASSETS AT BEGINNING OF PERIOD	<u>59,269</u>	<u>49,657</u>
NET ASSETS AT END OF PERIOD	<u><u>\$ 38,814</u></u>	<u><u>\$ 59,269</u></u>

The accompanying notes are an integral part of this statement.

CONCORDIA SUBSTANCE ABUSE COUNCIL
Combined Statement of Cash Flows
For the Year Ended June 30, 1999
With Comparative Totals for June 30, 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Grants received	\$ 362,192	\$ 383,938
Other revenues received	9,527	12,319
Cash paid employees	(194,063)	(184,096)
Cash paid to suppliers for goods and services	(156,330)	(178,088)
Net cash disbursed to operating activities	<u>21,326</u>	<u>34,073</u>
Cash flows from non-capital financing activities:	None	None
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(14,040)</u>	<u>(44,311)</u>
Cash flows from financing activities:	<u>None</u>	<u>None</u>
Net decrease in cash	7,286	(10,238)
Cash at beginning of year (overdraft)	<u>(17,347)</u>	<u>(7,109)</u>
Cash at end of year (overdraft)	<u><u>(10,061)</u></u>	<u><u>(17,347)</u></u>
Reconciliation of net operating income to cash provided by operating activities:		
Net income (loss)	(20,455)	9,612
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	36,927	26,670
(Increase) decrease in:		
Grant receivable	4,295	(3,488)
Increase in:		
Accounts payable	<u>559</u>	<u>1,279</u>
Net cash provided by operating activities	<u><u>\$ 21,326</u></u>	<u><u>\$ 34,073</u></u>

The accompanying notes are an integral part of this statement.

CONCORDIA SUBSTANCE ABUSE COUNCIL
Notes to the Financial Statements
June 30, 1999 and 1998

1. ORGANIZATION

Concordia Substance Abuse Council was organized as a nonprofit corporation without capital stock under the laws of the State of Louisiana in 1994. The organization was formed to provide substance abuse treatment to men and women for alcohol and drug abuse in the Concordia Parish area. The organization also operates an outreach program for alcohol and drug abuse. The council's primary revenues are from federal grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

b) Income Taxes

The Council has been granted tax exempt status as provided by Section 501 (c) (3) of the Internal Revenue Code.

c) Basis of Accounting

Revenue is recognized when grant funds are earned. Expenses are recognized when incurred.

d) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

e) Cash and Cash Equivalents

The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statements of cash flows exclude permanently restricted cash and cash equivalents.

CONCORDIA SUBSTANCE ABUSE COUNCIL
Notes to the Financial Statements
June 30, 1999 and 1998

3. EQUIPMENT

Equipment is stated at cost. Major classes of equipment are as follows:

Automobiles	\$ 60,134	\$ 60,134
Office equipment	77,738	63,698
Less: accumulated depreciation	<u>(89,528)</u>	<u>(52,601)</u>
Total equipment	<u>\$ 48,344</u>	<u>\$ 71,231</u>

4. PERMANENTLY RESTRICTED FUND BALANCE

The fund balances are restricted to providing substance abuse treatment to men and women for alcohol and drug abuse.

5. SUMMARY OF GRANTS

Concordia Substance Abuse Council was primarily funded through the following grants for the period ended June 30, 1999:

	<u>CFDA/ Grant Contract Number</u>	<u>Grant Contract Period</u>	<u>Recognized Support</u>
Louisiana Department of Health and Hospitals	1H07T10046001	07/01/98 - 06/30/99	\$ 128,772
Department of Health and Human Services Public Health Service Rural Health Outreach Demonstration Program	93.912	07/01/98 - 06/30/99	<u>229,125</u>
Total grants			<u>\$ 357,897</u>

SUPPLEMENTAL INFORMATION

CONCORDIA SUBSTANCE ABUSE COUNCIL

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 1999

	<u>DHH Office of Alcohol & Drug Abuse</u>	<u>Rural Health Outreach Demonstration Program</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash	\$ 380	\$ 19	\$ 399
Grant receivable	-	7,255	7,255
Total	380	7,274	7,654
Plant & equipment, net of accumulated depreciation	9,454	38,890	48,344
Total assets	9,834	46,164	55,998
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Current liabilities			
Bank overdrafts	10,460	-	10,460
Accounts payable	2,010	4,474	6,484
Accrued compensated absences	240	-	240
Total liabilities	12,710	4,474	17,184
Fund equity:			
Permanently restricted (Deficit)	(2,876)	41,690	38,814
Total liabilities and fund equity	\$ 9,834	\$ 46,164	\$ 55,998

The accompanying notes are an integral part of this statement.

CONCORDIA SUBSTANCE ABUSE COUNCIL

COMBINING STATEMENT OF REVENUES, EXPENSES
AND FUND BALANCES
YEAR ENDED JUNE 30, 1999

	DHH Office of Alcohol & Drug Abuse	Rural Health Outreach Demonstration Program	<u>Total</u>
Operating revenues:			
Grant revenue	\$ 128,772	\$ 229,125	\$ 357,897
Client fee	5,513	-	5,513
Miscellaneous	4,014	-	4,014
Total operating revenues	<u>138,299</u>	<u>229,125</u>	<u>367,424</u>
 General and Administrative Expenses:			
Salaries	65,524	128,539	194,063
Payroll taxes	5,806	10,947	16,753
Travel	6,996	22,226	29,222
Operating services	51,947	43,114	95,061
Supplies	14,744	15,670	30,414
Professional services	2,766	19,600	22,366
Total general and administrative expenses	<u>147,783</u>	<u>240,096</u>	<u>387,879</u>
 (DEFICIT) OF REVENUES OVER EXPENDITURES	 (9,484)	 (10,971)	 (20,455)
 NET ASSETS AT BEGINNING OF PERIOD	 <u>6,608</u>	 <u>52,661</u>	 <u>59,269</u>
 NET ASSETS AT END OF PERIOD (DEFICIT)	 <u><u>\$ (2,876)</u></u>	 <u><u>\$ 41,690</u></u>	 <u><u>\$ 38,814</u></u>

The accompanying notes are an integral part of this statement.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States.

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

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

To the Board of Directors
Concordia Substance Abuse Council

We have audited the financial statements of Concordia Substance Abuse Council (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated March 8, 2000. 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 Concordia Substance Abuse Council financial statements are free of material misstatement, we performed tests 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 statements 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 99-02.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Concordia Substance Abuse Council'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. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-01.

**To the Board of Directors
Concordia Substance Abuse Council
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This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

**Ferriday, Louisiana
March 8, 2000**

Switzer, Hopkins & Mangel

**CONCORDIA SUBSTANCE ABUSE COUNCIL
FERRIDAY, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1999**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statement of the Concordia Substance Abuse Council.

B. Internal Control Findings

99-01 Segregation of Duties

Condition: Due to the size of the Concordia Substance Abuse Council's accounting staff, there is an insufficient segregation of duties to have an effective internal control.

Since the cost of an internal control system should not outweigh the benefits derived from it, we can only recommend that the company consider and analyze the costs versus the benefits associated with hiring additional accounting personnel.

Response: The management concurs with the finding.

C. Compliance Findings

99-02 Audit Completion Date

Condition: The audit was due to be completed six months after the close of the year. The year closed on June 30, 1999 and the audit was due to be completed by December 31, 1999. The engagement letter was signed by the company on January 10, 2000 and was approved by the Louisiana Legislative Auditor on February 3, 2000.

Louisiana Revised Statute 24:513 provides that the audit work cannot begin until the Legislative Auditor approves the engagement letter. Concordia Substance Abuse Council did not allow time for the engagement letter to be approved early enough for the audit to be completed within six months after the closing date. We recommend that in the future the engagement letter be signed and approved early enough for the audit to be complete in accordance with the law.

Response: The management concurs with the finding.

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS

**To the Board of Directors
Concordia Substance Abuse Council**

We have audited the financial statements of Concordia Substance Abuse Council (a nonprofit organization) for the year ended June 30, 1999, and have issued our report hereon dated March 8, 2000. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these basic 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Concordia Substance Abuse Council taken as a whole. The accompanying schedule of federal awards is presented for purposes 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 basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Ferriday, Louisiana
March 8, 2000

Switzer, Hopkins & Mange

**CONCORDIA SUBSTANCE ABUSE COUNCIL
 SCHEDULE OF FEDERAL AWARDS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 1999**

<u>Federal Gantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
Department Health & Human Services Public Health Service - Rural Health Outreach Demonstration Program	93.912	CSD000308-01-0	\$ <u>221,837</u>
Questioned Costs		NONE	

CONCORDIA SUBSTANCE ABUSE COUNCIL

**CONCORDIA DETOX
P. O. BOX 176
FERRIDAY, LOUISIANA 71334**

March 8, 2000

Switzer, Hopkins & Mange
Post Office Box 478
Ferriday, Louisiana 71334

Re: Audit for year ended June 30, 1999

Dear Mr. Hopkins:

In response to the two audit findings included in the audit of Concordia Substance Abuse Council, Inc. as of June 30, 1999, we have the following response:

Finding 99-01 – Segregation of duties

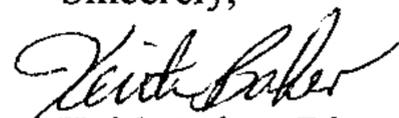
We are aware that segregation of duties is an important internal control, however we have so few employees in the accounting department of our operation that we can not segregate duties. We also have no plans to add to our accounting department and we will have to compensate this internal control weakness by supervising our staff closely.

Finding 99-02 – Late filing of audit report

We are aware that the audit report is late and we will take steps to insure that next year the audit is completed within the time limit set by law.

Please let us know if you have any questions.

Sincerely,


Keith Baker, Director