

RECEIVED
04 NOV 16 AM

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
WINNSBORO, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 12-1-04

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
WINNSBORO, LOUISIANA
JUNE 30, 2004

	<u>PAGE</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-6
Schedule of Expenditures of Federal Awards	7
Report of Compliance and Internal Control Over Financial Reporting	8
Schedule of Findings and Questioned Costs	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Louisiana Substance Abuse, Inc.
Winnsboro, Louisiana

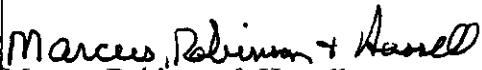
We have audited the accompanying statement of financial position of Northeast Louisiana Substance Abuse, Inc. (a Nonprofit Organization) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Northeast Louisiana Substance Abuse, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Northeast Louisiana Substance Abuse, Inc. as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2004, on our consideration of Northeast Louisiana Substance Abuse, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Northeast Louisiana Substance Abuse, 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.


Marcus, Robinson & Hassell
Winnsboro, Louisiana
October 18, 2004

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Notes 1 & 2)	20,559
Grant Receivable (Note 1)	<u>11,432</u>
<u>TOTAL CURRENT ASSETS</u>	31,991

<u>FURNITURE AND EQUIPMENT, NET (Note 3)</u>	<u>-0-</u>
--	------------

<u>TOTAL ASSET</u>	<u>31,991</u>
--------------------	---------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	-0-
Accrued Payroll Taxes	<u>-0-</u>
<u>TOTAL CURRENT LIABILITIES</u>	-0-

NET ASSETS

Unrestricted	31,991
Fixed Assets	<u>-0-</u>
<u>TOTAL NET ASSETS</u>	<u>31,991</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>31,991</u>
---	---------------

See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2004

UNRESTRICTED NET ASSETS

PUBLIC SUPPORT AND REVENUES

Grant - State of Louisiana	127,846
DESAP Fees	113,324
Interest Income	32
Miscellaneous Income	<u>433</u>

TOTAL SUPPORT UNRESTRICTED 241,635

EXPENSES

Personal Services	207,819
Travel	2,416
Operating Services	12,193
Supplies	1,309
Professional Services	9,838
Miscellaneous Expense	<u>300</u>

TOTAL EXPENSE 233,875

CHANGE IN NET ASSETS 7,760

NET ASSETS, Beginning of Year 24,231

NET ASSETS, End of Year 31,991

See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2004

OPERATING ACTIVITIES

Change in Net Assets	7,760
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	-0-
Decrease in Grants Receivable	7,554
Decrease in Accounts Payable	(3,813)
Decrease in Payroll Tax Payable	<u>(357)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 3,384

NET DECREASE IN CASH AND CASH EQUIVALENTS 11,144

BEGINNING CASH AND CASH EQUIVALENTS 9,415

ENDING CASH AND CASH EQUIVALENTS 20,559

See Notes to Financial Statements

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Northeast Louisiana Substance Abuse, Inc. (NELSA) was incorporated on June 30, 1978, as a non-profit corporation. The purpose of the corporation as expressed in its articles of incorporation is to provide for the establishment of a network of assistance that makes available all services meeting the range of needs of the person in trouble with substance abuse. At present this consists of providing a comprehensive drug-free outpatient treatment and related services and providing driver education courses for individuals mandated by the courts.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements are reported on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Bad Debts

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Estimates

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

Income Taxes

NELSA is exempt from Federal and State income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Depreciation and Amortization

Furniture and equipment are recorded at cost when purchases or, if donated, at fair market value at date of donation.

Depreciation of furniture and equipment is provided using the straight-line method.

Budgetary Practices

Northeast Louisiana Substance Abuse, Inc. prepares an annual budget which is approved by the Board of Directors.

Cash and Cash Equivalents

Cash in checking, savings, and certificates of deposit is considered cash and cash equivalents for the purposes of the statement of cash flows.

Grants Receivable

The Grants receivable represents amounts due from the State of Louisiana for reimbursement of expenses incurred under the current contract.

Income Tax Status

NELSA has received a letter of determination from the Internal Revenue Service advising it that it qualifies as a non-profit corporation under Section 501(c)3 of the Internal Revenue Code, and, therefore, is not subject to income tax.

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the Northeast Louisiana Substance Abuse, Inc. must deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At June 30, 2004, the Northeast Louisiana Substance Abuse, Inc. had cash (bank balance) totaling \$28,270. These deposits are fully secured by federal deposit insurance.

NOTE 3 - FURNITURE AND EQUIPMENT

A summary of furniture and equipment follows:

Furniture and Equipment	12,049
Less: Accumulated Depreciation	<u>12,049</u>
Net Furniture and Equipment	<u>0</u>
Current Depreciation	<u>0</u>

Furniture and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

NOTE 4 - PENSION COMMITMENTS

Employees of NELSA are covered under Social Security. No other pension plans are maintained.

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

	<u>CFDA</u> <u>NUMBER</u>	<u>GRANT ID</u> <u>NUMBER</u>	<u>AWARD</u> <u>PERIOD</u>	<u>EXPENDITURE</u>
Substance Abuse and Treatment Block Grant	93.959	95-B1LA SAPT-02	7/01/03 6/30/04	<u>127,846</u>

REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING

Board of Directors
Northeast Louisiana Substance Abuse, Inc.
Winnsboro, Louisiana

We have audited the financial statements of Northeast Louisiana Substance Abuse, Inc. (a Nonprofit Organization), as of and for the year ended June 30, 2004, and have issued our report thereon dated October 18, 2004. We conducted our audit in accordance with 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.

Compliance

As part of obtaining reasonable assurance about whether Northeast Louisiana Substance Abuse, Inc.'s 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 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 Northeast Louisiana Substance Abuse, 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 for the information of the Board of Directors, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Marcus, Robinson & Hassell

Marcus, Robinson & Hassell
Winnsboro, Louisiana
October 18, 2004

NORTHEAST LOUISIANA SUBSTANCE ABUSE, INC.
WINNSBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

PART I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statement.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section 510(a).
- vii. There were no major federal programs for the year ended June 30, 2004.
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section 520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular No. A-133, Section 530.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

NONE