

**CENTER FOR ALCOHOL &  
DRUG SERVICES, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION  
(With Independent Auditor's Report Thereon)**

**June 30, 2005 and 2004**

# CENTER FOR ALCOHOL & DRUG SERVICES, INC.

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Center for Alcohol & Drug Services, Inc.

We have audited the accompanying statements of financial position of the Center for Alcohol & Drug Services, Inc. (an Iowa nonprofit organization also registered to do business in Illinois) as of June 30, 2005 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. 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 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 audits provide 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 Center for Alcohol & Drug Services, Inc. as of June 30, 2005 and 2004, and the changes in its net assets, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2005 on our consideration of the Center for Alcohol & Drug Services, Inc.'s internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government 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 the Center for Alcohol & Drug Services, Inc. taken as a whole. The supplemental information presented on pages 18 through 21 is for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 27 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 financial statements referred to above and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Doyle & Keenan, P.C.*  
August 26, 2005

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**

**Statements of Financial Position**

**June 30, 2005 and 2004**

<u>Assets</u>	<u>2005</u>	<u>2004</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 808,246	\$ 918,160
Investments	1,105,425	1,065,536
Accounts Receivable - Public Support	366,048	310,619
Accounts Receivable - Client Fees	182,767	185,506
Allowance for Uncollectible Accounts and Contractual Adjustments	(49,933)	(49,933)
Unconditional Promises to Give	102,400	101,267
Inventory	5,652	2,669
Prepaid Expenses	30,435	32,188
<b>Total Current Assets</b>	<b><u>2,551,040</u></b>	<b><u>2,566,012</u></b>
<b>Fixed Assets:</b>		
Land	137,575	137,575
Building and Improvements	2,772,560	2,674,423
Equipment and Vehicles	489,361	546,839
<b>Total Fixed Assets</b>	<b>3,399,496</b>	<b>3,358,837</b>
Less Accumulated Depreciation	<u>1,683,255</u>	<u>1,619,599</u>
<b>Net Fixed Assets</b>	<b><u>1,716,241</u></b>	<b><u>1,739,238</u></b>
<b>Total Assets</b>	<b>\$ <u>4,267,281</u></b>	<b>\$ <u>4,305,250</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current Liabilities:</b>		
Current Maturities of Long-Term Debt	\$ 43,247	\$ 41,260
Accounts Payable and Accrued Expenses	<u>491,036</u>	<u>427,358</u>
<b>Total Current Liabilities</b>	<b>534,283</b>	<b>468,618</b>
<b>Long-Term Debt, Less Current Maturities</b>	<b><u>66,457</u></b>	<b><u>109,700</u></b>
<b>Total Liabilities</b>	<b><u>600,740</u></b>	<b><u>578,318</u></b>
<b>Net Assets:</b>		
<b>Unrestricted:</b>		
Undesignated	412,647	358,648
Undesignated - Investment in Fixed Assets	1,716,241	1,739,238
Designated for Capital Improvements	<u>1,435,253</u>	<u>1,487,772</u>
<b>Total Unrestricted Net Assets</b>	<b>3,564,141</b>	<b>3,585,658</b>
Temporarily Restricted	<u>102,400</u>	<u>141,274</u>
<b>Total Net Assets</b>	<b><u>3,666,541</u></b>	<b><u>3,726,932</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>4,267,281</u></b>	<b>\$ <u>4,305,250</u></b>

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

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**

Statement of Activities

For the Year Ended June 30, 2005

	<u>Unrestricted</u> Net Assets	<u>Temporarily</u> <u>Restricted</u> Net Assets	<u>Total</u>
Public Support and Revenue:			
Public Support:			
Illinois Department of Human Services -			
Division of Alcoholism and Substance Abuse	\$ 639,826	\$ -	\$ 639,826
Iowa Department of Public Health -			
Division of Substance Abuse	2,233,185	-	2,233,185
United Way	-	102,400	102,400
Rock Island County	55,460	-	55,460
Scott County	423,611	-	423,611
County Commitments	36,476	-	36,476
Seventh Judicial District	99,208	-	99,208
U.S. Probation	64,572	-	64,572
Contributions	4,026	-	4,026
Net Assets Released from Restrictions	141,274	(141,274)	-
Total Public Support	<u>3,697,638</u>	<u>(38,874)</u>	<u>3,658,764</u>
Revenue:			
Client Fees	237,064	-	237,064
Client Fees - Insurance	571,579	-	571,579
Contractual Fees and Other Payments	1,078,383	-	1,078,383
Rental Income	8,400	-	8,400
Interest and Dividends	76,132	-	76,132
Realized (Loss) on Sale of Investments	(3,935)	-	(3,935)
Unrealized (Loss) on Investments	(17,462)	-	(17,462)
Total Revenue	<u>1,950,161</u>	<u>-</u>	<u>1,950,161</u>
Total Public Support and Revenue	<u>5,647,799</u>	<u>(38,874)</u>	<u>5,608,925</u>
Expenses:			
Program Services:			
Outpatient	2,065,650	-	2,065,650
Residential	1,713,686	-	1,713,686
Detoxification	341,195	-	341,195
Prevention	672,952	-	672,952
Total Program Services	<u>4,793,483</u>	<u>-</u>	<u>4,793,483</u>
Fundraising	1,348	-	1,348
Management and General	874,485	-	874,485
Total Program and Supporting Services	<u>5,669,316</u>	<u>-</u>	<u>5,669,316</u>
Change in Net Assets	(21,517)	(38,874)	(60,391)
Net Assets - Beginning	<u>3,585,658</u>	<u>141,274</u>	<u>3,726,932</u>
Net Assets - Ending	<u>\$ 3,564,141</u>	<u>\$ 102,400</u>	<u>\$ 3,666,541</u>

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

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**

**Statement of Activities**

**For the Year Ended June 30, 2004**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
<b>Public Support and Revenue:</b>			
<b>Public Support:</b>			
Illinois Department of Human Services -			
Division of Alcoholism and Substance Abuse \$	589,122	\$ -	\$ 589,122
Iowa Department of Public Health -			
Division of Substance Abuse	2,108,201	-	2,108,201
United Way	-	101,274	101,274
Rock Island County	57,360	-	57,360
Scott County	391,849	-	391,849
County Commitments	55,222	-	55,222
Seventh Judicial District	94,383	-	94,383
U.S. Probation	64,815	-	64,815
Contributions	2,533	-	2,533
Net Assets Released from Restrictions	100,199	(100,199)	-
<b>Total Public Support</b>	<u>3,463,684</u>	<u>1,075</u>	<u>3,464,759</u>
<b>Revenue:</b>			
Client Fees	207,394	-	207,394
Client Fees - Insurance	604,323	-	604,323
Contractual Fees and Other Payments	1,134,741	40,000	1,174,741
Rental Income	8,400	-	8,400
Interest and Dividends	65,928	-	65,928
Realized (Loss) on Investments	(8,468)	-	(8,468)
Unrealized (Loss) on Investments	(22,124)	-	(22,124)
<b>Total Revenue</b>	<u>1,990,194</u>	<u>40,000</u>	<u>2,030,194</u>
<b>Total Public Support and Revenue</b>	<u>5,453,878</u>	<u>41,075</u>	<u>5,494,953</u>
<b>Expenses:</b>			
<b>Program Services:</b>			
Outpatient	1,865,709	-	1,865,709
Residential	1,627,305	-	1,627,305
Detoxification	340,943	-	340,943
Prevention	651,473	-	651,473
<b>Total Program Services</b>	<u>4,485,430</u>	<u>-</u>	<u>4,485,430</u>
<b>Fundraising</b>	1,130	-	1,130
<b>Management and General</b>	819,777	-	819,777
<b>Total Expenses</b>	<u>5,306,337</u>	<u>-</u>	<u>5,306,337</u>
<b>Change in Net Assets</b>	147,541	41,075	188,616
<b>Net Assets - Beginning</b>	<u>3,438,117</u>	<u>100,199</u>	<u>3,538,316</u>
<b>Net Assets - Ending</b>	<u>\$ 3,585,658</u>	<u>\$ 141,274</u>	<u>\$ 3,726,932</u>

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

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
Statement of Functional Expenses  
For the Year Ended June 30, 2005

	Outpatient	Residential	Detoxification	Prevention	Total Program Services	Fundraising	Management and General	Total All Funds
Salaries	\$ 1,302,236	\$ 987,111	\$ 183,391	\$ 373,457	\$ 2,846,195	\$ 695	\$ 466,584	\$ 3,313,474
Worker's Compensation	8,826	6,564	955	2,919	19,264	-	3,311	22,575
Employee Benefits:								
Health Insurance	245,804	128,283	19,492	67,226	460,805	-	90,754	551,559
Retirement	34,749	22,101	2,390	8,920	68,160	-	21,904	90,064
Other	(1,648)	(1,384)	(270)	(543)	(3,845)	-	9,418	5,573
Payroll Taxes:								
Social Security	91,417	68,976	16,411	26,852	203,656	-	33,723	237,379
Unemployment	5,292	5,533	72	-	10,897	-	998	11,895
Professional Fees:								
Accounting/Legal	-	-	-	-	-	-	33,036	33,036
Laboratory/Urinalysis	28,400	4,996	1,064	618	35,078	-	-	35,078
Contract Services	40,090	59,664	2,137	1,859	103,750	-	15,590	119,340
Medical Consultants	46,798	87,808	19,217	355	154,178	-	98	154,276
Supplies:								
Office, Outside Printing	10,101	4,449	1,109	7,214	22,873	653	19,277	42,803
Building	265	286	85	159	795	-	44	839
Medical	23,424	13,586	3,685	17	40,712	-	21	40,733
Education, Recreation and Crafts	179	1,681	2	4,004	5,866	-	80	5,946
Food and Beverage	2,825	107,548	31,916	2,367	144,656	-	1,061	145,717
Housekeeping and Laundry	3,992	15,583	4,593	1,184	25,352	-	6,499	31,851
Telephone	35,020	11,518	2,683	9,074	58,295	-	17,680	75,975
Postage and Shipping	2,277	43	-	1,406	3,726	-	11,969	15,695
Advertising	1,642	870	153	2,629	5,294	-	1,937	7,231
Occupancy:								
Rent	-	-	-	23,687	23,687	-	-	23,687
Utilities	25,868	27,689	8,271	6,868	68,696	-	6,251	74,947
Maintenance	25,220	46,074	14,876	4,382	90,552	-	7,188	97,740
Insurance	6,276	4,504	1,318	53	12,151	-	2,095	14,246
Transportation:								
Mileage	9,946	1,996	317	7,207	19,466	-	3,493	22,959
Vehicle Costs	13,020	31,697	8,260	9,541	62,518	-	11,156	73,674
Auto Insurance	2,592	4,290	894	1,296	9,072	-	2,592	11,664
Conferences and Training	9,949	3,932	510	12,392	26,783	-	11,837	38,620
Subscriptions and References	11,577	7,409	1,405	2,142	22,533	-	16,461	38,994
Special Assistance	8,172	819	194	-	9,185	-	113	9,298
General Liability Insurance	3,011	3,061	740	585	7,397	-	13,705	21,102
Recruiting	4,194	5,851	1,642	400	12,087	-	2,161	14,248
Equipment Rental	15,047	4,563	1,886	4,568	26,064	-	6,227	32,291
Interest Expense	-	193	58	97	348	-	5,996	6,344
Subcontracts	-	-	-	86,686	86,686	-	-	86,686
Depreciation	49,089	46,392	11,739	3,331	110,551	-	51,226	161,777
<b>Total Functional Expenses</b>	<b>\$ 2,065,650</b>	<b>\$ 1,713,686</b>	<b>\$ 341,195</b>	<b>\$ 672,952</b>	<b>\$ 4,793,483</b>	<b>\$ 1,348</b>	<b>\$ 874,485</b>	<b>\$ 5,669,316</b>

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

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
 Statement of Functional Expenses  
 For the Year Ended June 30, 2004

	Outpatient	Residential	Detoxification	Prevention	Total Program Services	Fundraising	Management and General	Total All Funds
Salaries	\$ 1,214,624	\$ 955,120	\$ 191,950	\$ 363,824	\$ 2,725,518	\$ 658	\$ 469,816	\$ 3,195,992
Worker's Compensation	8,703	6,034	951	2,944	18,632	-	2,560	21,292
Employee Benefits:								
Health Insurance	163,068	121,325	23,468	52,654	360,515	-	33,993	394,508
Retirement	31,584	22,586	2,979	6,563	63,712	-	19,361	83,073
Other	419	317	35	1,106	1,877	-	10,529	12,406
Payroll Taxes:								
Social Security	86,308	68,087	14,584	26,487	195,466	-	32,744	228,210
Unemployment	963	2,009	312	-	3,284	-	-	3,284
Professional Fees:								
Accounting/Legal	-	4,499	1,077	167	29,718	-	21,481	21,481
Laboratory/Urinalysis	23,975	59,767	2,342	32,992	119,104	-	22,616	141,720
Contract Services	24,003	81,635	18,503	-	127,357	-	-	127,357
Medical Consultants	27,219	-	-	-	-	-	-	-
Supplies:								
Office, Outside Printing	6,691	4,111	921	4,492	16,215	472	29,336	46,023
Building	175	481	124	26	806	-	99	905
Medical	21,962	11,730	3,229	178	37,099	-	728	37,827
Education, Recreation and Crafts	1,280	1,170	1	21,438	23,909	-	380	24,289
Food and Beverage	2,564	100,373	29,745	2,930	135,612	-	1,616	137,228
Housekeeping and Laundry	3,381	12,647	3,687	1,068	20,783	-	6,974	27,757
Telephone	30,191	11,831	2,897	8,446	53,365	-	15,725	69,090
Postage and Shipping	1,421	56	-	1,520	2,997	-	12,138	15,135
Advertising	1,753	539	161	5,810	8,263	-	453	8,716
Occupancy:								
Rent	-	-	-	23,937	23,937	-	-	23,937
Utilities	26,054	24,836	7,418	8,024	66,332	-	6,560	72,892
Maintenance	57,558	32,196	9,128	7,100	105,982	-	30,302	136,284
Insurance	3,996	3,120	919	39	8,074	-	1,333	9,407
Transportation:								
Mileage	8,235	1,768	129	9,409	19,541	-	5,072	24,613
Vehicle Costs	11,412	27,129	7,152	8,108	53,801	-	8,169	61,970
Auto Insurance	2,377	4,001	832	1,228	8,438	-	2,373	10,811
Conferences and Training	8,082	1,865	404	17,026	27,377	-	7,642	35,019
Subscriptions and References	17,734	7,925	1,590	36,566	63,815	-	5,898	69,713
Special Assistance	11,729	356	78	-	12,163	-	-	12,163
General Liability Insurance	2,477	2,719	661	497	6,354	-	13,775	20,129
Recruiting	1,949	6,217	1,470	824	10,460	-	585	11,045
Equipment Rental	13,940	5,722	2,327	2,719	24,708	-	5,528	30,236
Interest Expense	2,794	165	50	-	3,009	-	6,428	9,437
Depreciation	47,088	44,969	11,819	3,331	107,207	-	45,463	152,670
<b>Total Functional Expenses</b>	<b>\$ 1,865,709</b>	<b>\$ 1,627,305</b>	<b>\$ 340,943</b>	<b>\$ 651,473</b>	<b>\$ 4,485,430</b>	<b>\$ 1,130</b>	<b>\$ 819,777</b>	<b>\$ 5,306,337</b>

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

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2005 and 2004**

	2005	2004
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ (60,391)	\$ 188,616
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	161,777	152,670
Realized Loss on Sale of Investments	3,935	8,468
Unrealized Loss on Investments	17,462	22,124
(Increase) Decrease in:		
Accounts Receivable - Public Support	(55,429)	(30,566)
Accounts Receivable - Client Fees	2,739	(16,406)
Unconditional Promises to Give	(1,133)	(1,068)
Inventory	(2,983)	(317)
Prepaid Expenses	1,753	3,792
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	63,678	(18,788)
<b>Net Cash Provided by Operating Activities</b>	<b>131,408</b>	<b>308,525</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Fixed Assets	(138,780)	(537,931)
Purchase of Investments	(216,853)	(431,946)
Proceeds from Sale of Investments	155,567	375,963
<b>Net Cash (Used in) Investing Activities</b>	<b>(200,066)</b>	<b>(593,914)</b>
<b>Cash Flows From Financing Activities:</b>		
Principal Payments on Long-Term Debt	(41,256)	(16,824)
Proceeds from Long-Term Debt	-	161,761
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(41,256)</b>	<b>144,937</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(109,914)</b>	<b>(140,452)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>918,160</b>	<b>1,058,612</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 808,246</b>	<b>\$ 918,160</b>
<b>Supplemental Cash Flow Information:</b>		
Interest Paid	<b>\$ 6,344</b>	<b>\$ 9,437</b>

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

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Notes to Financial Statements**  
**June 30, 2005**

**NOTE 1 - NATURE OF THE ORGANIZATION, ACCOUNTING ESTIMATES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization:

The Center for Alcohol & Drug Services, Inc., is a non-profit corporation offering programs focused on the reduction and/or elimination of alcohol and other drug abuse. Prevention, assessment, treatment and referral services are offered to residents of the Iowa and Illinois bi-state area and are funded publicly and through client fees based on ability to pay. Services available through the Center for Alcohol & Drug Services, Inc. are:

a) Assessment/Evaluation Services: The use of alcohol and other drugs can be divided into several categories: experimentation, use, misuse, abuse and dependency. The purpose of the Center's Central Assessment Service is to evaluate an individual's pattern of use and determine his/her particular needs for treatment.

The diverse needs of the individual, and his/her family, are served by providing a broad continuum of care designed to meet those needs. Other community resources are also utilized and referrals may result from initial contact, or later in the treatment process, when the individual appears to need services other than those provided by the Center.

b) Detoxification Services: Individuals displaying symptoms of intoxication withdrawal and/or physical dependence or relapse behavior may require detoxification services. Twenty-four hour medically supervised care including assessment and referral is offered as well as outpatient detoxification of opiate addicted individuals.

c) Outpatient Services: Treatment on an outpatient basis is appropriate for those individuals who are able to function within the community while receiving counseling and support to overcome their abuse or dependence on alcohol and/or drugs. The Center offers structured individualized programs to both adolescents and adults. The Rock Island Office programs treat alcohol and poly-drug abusers, along with programs for opiate addicts that include the use of methadone.

d) Residential Services: Services are appropriate for individuals with difficulty functioning in the community as a result of their abuse or dependence on alcohol and/or other drugs and who require daily structure, support and supervision during all or part of the treatment. The program is based on the Family Disease model designed to treat acute aspects of chemical dependency. Length of stay is determined by the individual needs of the client, with services available in Iowa and Illinois.

NOTE 1 - NATURE OF THE ORGANIZATION, ACCOUNTING ESTIMATES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- e) Halfway House: Offers a substance free structured environment that provides adult clients with a supportive atmosphere and clinical services as they integrate into the community and pursue work or educational goals.
- f) Education and Prevention Services: The prevention of alcohol and/or other drug abuse is recognized as the most effective means of reducing or eliminating the human and material costs associated with chemical dependency. The Center provides prevention services to individuals and groups in the Quad Cities in an effort to prevent the abuse of alcohol and other drugs while improving the quality of life. Prevention services offered through the Center include: informational programs on substance abuse; education in strategies to help prevent substance abuse; in-service training for educators; and early intervention programs.
- g) Continuing Care: Support groups that assist individuals and significant others develop a strong support system and engagement with the community through the application of skills and insights gained during the treatment process. This is offered to both adults and adolescents.
- h) Adolescent Aftercare/Outreach: Program targeted to high-risk youth to offer ongoing support and substance-free alternative activities. It is primarily geared toward minority youth that may otherwise not avail themselves of the human services system.
- i) Significant Other Programs: The Center views chemical dependency as a disease that not only affects the dependent's life, but also the lives of those who care. Treatment will therefore be more successful if significant others are involved in the recovery process. Significant others programs are designed to provide participants with a forum for learning more about the disease and successful recovery.

Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of public support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - NATURE OF THE ORGANIZATION, ACCOUNTING ESTIMATES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies:

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets depending on the existence and/or nature of any donor restrictions. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board, and accordingly includes Board designated endowment and other funds.

Temporarily Restricted - Net assets whose use is subject to donor-imposed restrictions that can be fulfilled by actions of the Center pursuant to those restrictions or that expire by the passage of time, such as campaign pledges receivable. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently. Generally, the donors of these assets permit the Center to use all or part of the income from these assets. The Center for Alcohol & Drug Services, Inc. has no permanently restricted net assets.

Under SFAS No. 117, expenses are generally reported as a decrease in unrestricted net assets. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes or net assets.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Center includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments to be cash equivalents.

Patient Receivables and Revenue - Patient receivables and patient service revenue are recorded net of discounts and allowances. Discounts and allowances consist of (1) patient service fees which are not reimbursed by third-party payers, (2) reductions in patient service fees because of the patients inability to pay, and (3) a provision for bad debts.

Inventory - Inventory is valued at the lower of cost (first in, first out method) or market.

NOTE 1 - NATURE OF THE ORGANIZATION, ACCOUNTING ESTIMATES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets - Fixed Assets are recorded at cost or fair market value at the time such items were purchased or donated to the Center. Depreciation is computed by the straight-line method over the assets estimated useful lives ranging from 5 to 39 years.

Income Taxes - The Center for Alcohol & Drug Services, Inc., is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Center has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Functional Expenses - The Center allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

NOTE 2 - ACCOUNTS RECEIVABLE - CLIENT FEES

Client fee receivables totaled \$182,767 and \$185,506 at June 30, 2005 and 2004 respectively. The balance consists of contractual fee arrangements, third-party receivables (insurance and Medicaid), and client fees. The Center has provided for an allowance of uncollectible amounts and contractual adjustments of \$49,933 at June 30, 2005 and 2004.

NOTE 3 - FIXED ASSETS

A summary of changes in Fixed Assets for the year ended June 30, 2005, is as follows:

	Balance <u>June 30, 2004</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2005</u>
Land	\$ 137,575	\$ -	\$ -	\$ 137,575
Buildings & Improvements	2,674,423	101,206	3,069	2,772,560
Equipment & Vehicles	<u>546,839</u>	<u>37,574</u>	<u>95,052</u>	<u>489,361</u>
Total	3,358,837	138,780	98,121	3,399,496
Accumulated Depreciation	<u>1,619,599</u>	<u>161,777</u>	<u>98,121</u>	<u>1,683,255</u>
Net Fixed Assets	\$ <u>1,739,238</u>	\$ <u>(22,997)</u>	\$ <u>-</u>	\$ <u>1,716,241</u>

NOTE 4 - INVESTMENTS

Investments are valued at fair market value, as summarized in the following schedule of investments. Realized gains or losses are determined on the specific identification method and are reflected in revenue. Cost includes the amounts of reinvested dividends and distributions from mutual funds.

	<u>Cost Basis</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Corporate Fixed income	\$ 756,822	\$ 720,605	\$ (36,217)
Equity Mutual Funds	<u>362,754</u>	<u>384,820</u>	<u>22,066</u>
June 30, 2005	\$ <u>1,119,576</u>	\$ <u>1,105,425</u>	\$ <u>(14,151)</u>
June 30, 2004	\$ <u>1,074,611</u>	\$ <u>1,065,536</u>	\$ <u>(9,075)</u>

The Organization had realized (losses) of \$(3,935) and \$(8,468) for the years ending June 30, 2005 and 2004, respectively.

NOTE 5 - LONG-TERM DEBT

Long-Term Debt as of June 30, 2005, consisted of the following:

	<u>Total</u>	<u>Due within One Year</u>
Note Payable - Equipment Manufacturer Original amount of \$11,861. Interest rate of 2.9%, due in monthly installments of \$262 including interest, balance due October 1, 2007; secured by equipment.	\$ 7,086	\$ 2,978
Note Payable - bank Original amount of \$149,900. Interest rate of 4.85%, due in monthly installments of \$3,697 including interest, balance due November 1, 2007; secured by the building located at 1523 S. Fairmount St, Davenport, Iowa.	<u>102,618</u>	<u>40,269</u>
Total	\$ <u>109,704</u>	\$ <u>43,247</u>

The Center also has available a \$100,000 line of credit at a local bank through May 2, 2006, bearing interest at 5.0%, and requiring monthly interest payments. The note is secured by a \$100,000 certificate of deposit at the same bank. There was no outstanding balance on this line of credit on June 30, 2005 and 2004.

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts Payable and Accrued Expenses consist of the following:

	<u>2005</u>	<u>2004</u>
Accounts Payable	\$ 41,184	\$ 41,270
Accrued Payroll Withholdings	115,282	77,987
Accrued Vacation	207,020	193,224
Accrued Payroll	<u>127,550</u>	<u>114,877</u>
Total	\$ <u>491,036</u>	\$ <u>427,358</u>

NOTE 7 - PENSION PLAN

The Center has adopted a 403(b) Thrift Plan that requires a 3% employer contribution for those employees meeting the eligibility requirements. Eligible employees who make voluntary contributions, which are tax sheltered, will have an additional employer contribution of 25% of the first 6% of salary that they contribute. Employees can contribute even if they are not eligible for the employer contribution. Pension expense totaled \$90,064 and \$83,073 for the years ended June 30, 2005 and 2004, respectively.

NOTE 8 - LEASES

Various vehicles, facility and office equipment are leased under noncancelable operating leases with terms ranging from one to five years. Future minimum lease payments at June 30, 2005, are as follows:

Ending June 30,

2006	\$ 65,097
2007	37,729
2008	11,635
2009	<u>1,719</u>
Total	\$ <u>116,180</u>

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Center maintains its primary cash in bank deposit accounts at two financial institutions located in the Quad Cities. Deposits may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) of up to \$100,000 per financial institution. Management believes that credit risk related to these deposits is minimal.

NOTE 10 - SIGNIFICANT SOURCES OF SUPPORT

Funding from grants and programs through the Iowa Department of Public Health and the Illinois Department of Human Services provide approximately 51% of the public support and revenue for the Center.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2005 and 2004, temporarily restricted net assets were available for the following purposes:

	<u>2005</u>	<u>2004</u>
United Way of the Quad Cities - Fiscal Year 2005 and 2006 Allocation	\$ 102,400	\$ 101,274
Riverboat Development Authority	-	15,000
Mississippi Bend AEA	-	<u>25,000</u>
Total	\$ <u>102,400</u>	\$ <u>141,274</u>

NOTE 12 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of time or other events specified by donors during the fiscal year ended June 30, 2005 and 2004. During the fiscal year ended June 30, 2005 and 2004, net assets released from restrictions consisted of the following:

	<u>2005</u>	<u>2004</u>
United Way of the Quad Cities - Fiscal Year 2005 and 2004	\$ 101,274	\$ 100,199
Riverboat Development Authority	15,000	-
Mississippi Bend AEA	<u>25,000</u>	-
Total	\$ <u>141,274</u>	\$ <u>100,199</u>

NOTE 13 - NET ASSETS DESIGNATED FOR CAPITAL IMPROVEMENTS

The Center has designated \$1,435,253 for future capital improvements as of June 30, 2005. Planned improvements include technology and building upgrades.

NOTE 14 - LITIGATION

The Organization is subject to litigation for various reasons. Although the outcome of the litigation is not presently determinable, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Organization's financial position.

**SUPPLEMENTAL INFORMATION**

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Schedule of Functional Expenses - Outpatient Programs**  
**For the Year Ended June 30, 2005**

	Total	Davenport Outpatient	Rock Island Outpatient/ Methadone	Genesis	Adolescent Treatment	Jail Based
Salaries	\$ 1,302,236	\$ 481,930	\$ 374,253	\$ 143,502	\$ 160,104	\$ 142,447
Worker's Compensation	8,826	3,099	2,245	1,123	2,021	338
Employee Benefits:						
Health Insurance	245,804	94,097	51,553	14,768	43,826	41,560
Retirement	34,749	13,358	6,787	5,657	4,236	4,711
Other	(1,648)	(556)	(595)	(92)	(207)	(198)
Payroll Taxes:						
Social Security	91,417	35,907	27,119	8,397	11,505	8,489
Unemployment	5,292	-	1,392	3,900	-	-
Professional Fees:						
Laboratory/Urinalysis	28,400	6,088	17,486	-	4,826	-
Contract Services	40,090	7,371	2,121	2,996	1,844	25,758
Medical Consultants	46,798	-	24,296	-	3,120	19,382
Supplies:						
Office, Outside Printing	10,101	2,487	4,916	105	1,591	1,002
Building	265	45	8	-	212	-
Medical	23,424	14	23,402	-	-	8
Education, Recreation and Crafts	179	94	-	-	85	-
Food and Beverage	2,825	1,016	728	-	1,081	-
Housekeeping and Laundry	3,992	1,608	1,703	-	681	-
Telephone	35,020	13,204	7,880	-	9,095	4,841
Postage and Shipping	2,277	81	1,872	3	259	62
Advertising	1,642	296	668	-	678	-
Occupancy:						
Utilities	25,868	6,251	10,864	-	8,753	-
Maintenance	25,220	6,217	8,057	-	10,871	75
Insurance	6,276	2,095	1,520	43	2,597	21
Transportation:						
Mileage	9,946	3,347	3,476	2	1,429	1,692
Vehicle Costs	13,020	5,907	77	-	7,036	-
Auto Insurance	2,592	1,296	-	-	1,296	-
Conferences and Training	9,949	3,524	3,275	859	1,221	1,070
Subscriptions and References	11,577	3,350	2,218	162	775	5,072
Special Assistance	8,172	7,815	188	169	-	-
General Liability Insurance	3,011	1,339	836	-	836	-
Recruiting	4,194	1,454	2,574	7	159	-
Equipment Rental	15,047	6,696	4,079	-	4,272	-
Depreciation	49,089	15,308	19,390	-	13,372	1,019
<b>Total</b>	<b>\$ 2,065,650</b>	<b>\$ 724,738</b>	<b>\$ 604,388</b>	<b>\$ 181,601</b>	<b>\$ 297,574</b>	<b>\$ 257,349</b>

See accompanying independent auditor's report.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Schedule of Functional Expenses - Residential Programs**  
**For the Year Ended June 30, 2005**

	Total	S.T.A.R.T.	Adult Halfway House	Circle of Hope	Genesis
Salaries	\$ 987,111	\$ 507,138	\$ 100,786	\$ 235,686	\$ 143,501
Worker's Compensation	6,564	1,993	1,204	2,245	1,122
Employee Benefits:					
Health Insurance	128,283	66,917	5,713	40,886	14,767
Retirement	22,101	7,581	1,837	7,026	5,657
Other	(1,384)	(817)	(107)	(369)	(91)
Payroll Taxes:					
Social Security	68,976	36,338	7,351	16,891	8,396
Unemployment	5,533	150	91	1,392	3,900
Professional Fees:					
Laboratory/Urinalysis	4,996	2,313	1,469	1,214	-
Contract Services	59,664	3,351	2,428	50,889	2,996
Medical Consultants	87,808	45,369	18,251	24,188	-
Supplies:					
Office, Outside Printing	4,449	2,317	1,398	630	104
Building	286	178	108	-	-
Medical	13,586	7,494	4,527	1,565	-
Education, Recreation and Crafts	1,681	5	3	1,673	-
Food and Beverage	107,548	66,606	40,241	701	-
Housekeeping and Laundry	15,583	9,365	5,654	564	-
Telephone	11,518	5,598	3,383	2,537	-
Postage and Shipping	43	-	-	41	2
Advertising	870	320	194	356	-
Occupancy:					
Utilities	27,689	17,261	10,428	-	-
Maintenance	46,074	28,701	17,341	32	-
Insurance	4,504	2,750	1,662	49	43
Transportation:					
Mileage	1,996	663	400	932	1
Vehicle Costs	31,697	17,240	10,416	4,041	-
Auto Insurance	4,290	1,866	1,128	1,296	-
Conferences and Training	3,932	1,495	643	935	859
Subscriptions and References	7,409	2,933	1,772	2,543	161
Special Assistance	819	406	244	-	169
General Liability Insurance	3,061	1,543	933	585	-
Recruiting	5,851	3,084	1,863	898	6
Equipment Rental	4,563	1,178	700	2,685	-
Interest Expense	193	120	73	-	-
Depreciation	46,392	22,077	13,338	10,977	-
<b>Total</b>	<b>\$ 1,713,686</b>	<b>\$ 863,533</b>	<b>\$ 255,472</b>	<b>\$ 413,088</b>	<b>\$ 181,593</b>

See accompanying independent auditor's report.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Schedule of Functional Expenses - Prevention Programs**  
**For the Year Ended June 30, 2005**

	<u>Total</u>	<u>Prevention</u>	<u>Drug-Free Communities Support</u>
Salaries	\$ 373,457	\$ 344,825	\$ 28,632
Worker's Compensation	2,919	2,919	-
Employee Benefits:			
Health Insurance	67,226	66,044	1,182
Retirement	8,920	7,904	1,016
Other	(543)	(543)	-
Payroll Taxes:			
Social Security	26,852	26,852	-
Professional Fees:			
Laboratory/Urinalysis	618	618	-
Contract Services	1,859	1,609	250
Medical Consultants	355	355	-
Supplies:			
Office, Outside Printing	7,214	1,939	5,275
Building	159	159	-
Medical	17	17	-
Education, Recreation and Crafts	4,004	3,063	941
Food and Beverage	2,367	1,074	1,293
Housekeeping and Laundry	1,184	1,184	-
Telephone	9,074	8,174	900
Postage and Shipping	1,406	1,369	37
Advertising	2,629	884	1,745
Occupancy:			
Rent	23,687	23,687	-
Utilities	6,868	6,868	-
Maintenance	4,382	4,382	-
Insurance	53	53	-
Transportation:			
Mileage	7,207	7,057	150
Vehicle Costs	9,541	9,541	-
Auto Insurance	1,296	1,296	-
Conferences and Training	12,392	6,052	6,340
Subscriptions and References	2,142	1,586	556
General Liability Insurance	585	585	-
Recruiting	400	400	-
Equipment Rental	4,568	4,568	-
Interest Expense	97	97	-
Subcontracts	86,686	61,417	25,269
Depreciation	3,331	2,246	1,085
<b>Total</b>	<b>\$ <u>672,952</u></b>	<b>\$ <u>598,281</u></b>	<b>\$ <u>74,671</u></b>

See accompanying independent auditor's report.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
 Schedule of Revenue and Expenses by Contract  
 Iowa Department of Public Health - Division of Substance Abuse Contracts  
 For the Year Ended June 30, 2005

	Total	Comprehensive Prevention Contract # 5885CP11	Drug and Violence # 5885DV15	State Incentive Grant #5885IP22	Iowa Plan	Medham-phetamine Funding	Women and Children	Metadone Treatment Contract # 5885MT02
Revenue:								
IDPH - Contractual	\$ 1,983,934	\$ 165,138	\$ 55,000	\$ 91,040	\$ 1,411,449	\$ 30,237	\$ 127,270	\$ 103,800
Revenue - IDPH	<u>1,983,934</u>	<u>165,138</u>	<u>55,000</u>	<u>91,040</u>	<u>1,411,449</u>	<u>30,237</u>	<u>127,270</u>	<u>103,800</u>
Expenses:								
Salaries and Benefits	1,480,321	158,638	42,968	68,827	1,028,901	30,237	88,393	62,357
Professional Fees:								
Laboratory/Urinalysis	12,726	-	-	-	10,370	-	-	2,356
Contract Services	43,093	4,500	11,000	17,240	10,067	-	-	286
Medical Consultants	74,947	-	-	-	50,651	-	-	24,296
Supplies:								
Office, Outside Printing	10,324	2,000	-	2,059	5,522	-	81	662
Building	390	-	-	-	320	-	69	1
Medical	32,909	-	-	-	9,507	-	-	23,402
Education, Recreation and Crafts	91	-	-	-	91	-	-	-
Food and Beverage	85,590	-	-	-	85,492	-	-	98
Housekeeping and Laundry	13,537	-	-	-	13,272	-	36	229
Telephone	20,377	-	-	-	18,858	-	457	1,062
Postage and Shipping	602	-	-	-	350	-	-	252
Advertising	969	-	-	-	879	-	-	90
Occupancy:								
Utilities	31,239	-	-	-	29,775	-	-	1,464
Maintenance	45,613	-	-	-	44,527	-	-	1,086
Insurance	5,987	-	-	-	5,782	-	-	205
Transportation:								
Mileage	4,282	-	-	-	3,785	-	29	468
Vehicle Costs	29,875	-	-	-	24,080	-	5,785	10
Auto Insurance	4,057	-	-	-	2,761	-	1,296	-
Conferences and Training	6,375	-	1,032	-	4,243	-	659	441
Subscriptions and References	6,666	-	-	-	6,281	-	86	299
Special Assistance	7,757	-	-	-	1,605	-	6,127	25
General Liability Insurance	3,393	-	-	-	2,945	-	335	113
Recruiting	5,558	-	-	-	5,124	-	87	347
Equipment Rental	8,091	-	-	-	7,433	-	108	550
Interest Expense	152	-	-	-	152	-	-	-
Depreciation	46,635	-	-	-	44,022	-	-	2,613
Indirect Expenses:								
Salaries and Benefits	13,269	-	-	2,914	-	-	10,355	-
Total Expenses	<u>1,994,825</u>	<u>165,138</u>	<u>55,000</u>	<u>91,040</u>	<u>1,416,795</u>	<u>30,237</u>	<u>113,903</u>	<u>122,712</u>
Revenues Over (Under) Expenses	\$ (10,891)	\$ -	\$ -	\$ -	\$ (5,346)	\$ -	\$ 13,367	\$ (18,912)

**SINGLE AUDIT SECTION**

**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  
Center for Alcohol & Drug Services, Inc.  
Davenport, Iowa

We have audited the financial statements of the Center for Alcohol & Drug Services, Inc. as of and for the year ended June 30, 2005, and have issued our report thereon dated August 26, 2005. We conducted our audit in accordance with U.S. 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 Center for Alcohol & Drug Services, 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 Center for Alcohol & Drug Services, 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 use of the Board of Directors, 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.

*Doyle & Keenan, P.C.*

August 26, 2005

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

To the Board of Directors  
Center for Alcohol & Drug Services, Inc.  
Davenport, Iowa

Compliance

We have audited the compliance of Center for Alcohol & Drug Services, Inc. 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, 2005. Center for Alcohol & Drug Services, 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 Center for Alcohol & Drug Services, Inc.'s management. Our responsibility is to express an opinion on Center for Alcohol & Drug Services, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. 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 Center for Alcohol & Drug Services, 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 on Center for Alcohol & Drug Services, Inc.'s compliance with those requirements.

In our opinion, Center for Alcohol & Drug Services, 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, 2005.

Internal Control Over Compliance

The management of Center for Alcohol & Drug Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Center for Alcohol & Drug Services, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on 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 major 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 use of the Board of Directors, 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.

*Doyle & Keenan, P.C.*

August 26, 2005

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2005

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program Award Amount	Revenues/Receipts	Expenditures
<u>Pass-Through from the State of Illinois</u> U.S. Department of Health and Human Services Illinois Department of Human Services - Office of Alcoholism and Substance Abuse Substance Abuse Prevention Treatment Block Grant - Major Program	93.959	40C2001093	\$ 264,468	\$ 264,468	\$ 264,468
<u>Pass-Through from the State of Iowa</u> U.S. Department of Health and Human Services Iowa Department of Public Health Substance Abuse Prevention Treatment Block Grant - Major Program	93.959	5885CP11	160,658	160,658	160,658
Comprehensive Prevention	93.959	5885MT02	103,800	103,800	103,800
Methadone Treatment	93.959		471,424	471,424	471,424
Iowa Managed Substance Abuse Care Plan	93.959		127,270	127,270	127,270
Women and Children Program	93.959		37,350	37,350	37,350
Jail Based Assessment and Treatment Project					
Subtotal Major Program Substance Abuse Prevention Treatment Block Grant			1,169,594	1,164,970	1,164,970
<u>Pass-Through from the State of Iowa</u> U.S. Department of Health and Human Services Iowa Department of Public Health Consolidated Knowledge Development and Application (KD&A) Program	93.230	5885IP22	100,000	91,040	91,040
U.S. Department of Justice Jail Based Assessment and Treatment Project	16.580		228,976	211,650	211,650
U.S. Department of Education Safe and Drug-Free Schools - Department of Education - Drug & Violence	84.186	5885DV15	55,000	55,000	55,000
<u>Pass-Through from Scott County of Iowa</u> U.S. Department of Justice Byrne Formula Grant Program - Office of Drug Control Policy (ODCP)	16.579		68,000	68,000	68,000
Byrne Formula Grant Program - Scott County Drug Free Community Project	16.579		67,968	67,968	67,968
Subtotal Byrne Formula Grant Program			135,968	135,968	135,968
Total Federal Awards			\$ 1,689,538	\$ 1,658,628	\$ 1,658,628
Non-cash assistance - None					
Loans or loan guarantees outstanding - None					
Payments to subrecipients - None					

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Center for Alcohol & Drug Services, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The agency has insurance policies in force covering commercial and general liability, property, professional liability, electronic data processing, crime coverage, business auto, worker's compensation, commercial umbrella liability, and directors and officers liability. Insurance binders are available from the agency upon request.

See accompanying independent auditor's report.

**Center for Alcohol & Drug Services, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005**

Summary of the Auditor's Results

- 1) The auditor's report expresses an unqualified opinion on the financial statements of Center for Alcohol & Drug Services, Inc.
- 2) No reportable conditions were disclosed by the audit of the financial statements.
- 3) No instances of noncompliance material to the financial statements of Center for Alcohol & Drug Services, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 4) No reportable conditions were disclosed during the audit of internal control over major federal award programs.
- 5) The auditor's report on compliance for the major federal award programs for Center for Alcohol & Drug Services, Inc. expressed an unqualified opinion on all major programs.
- 6) No audit findings relative to the major federal award programs for Center for Alcohol & Drug Services, Inc. are reported in this Schedule.
- 7) The program tested as a major program was:

CFDA  
Number

Name of Federal Program

93.959

U.S. Department of Health and Human Services Block Grant

- 8) Threshold used for distinguishing between Type A and Type B programs was \$300,000.
- 9) Center for Alcohol & Drug Services, Inc. qualifies as a low risk auditee.

Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with U.S. Generally Accepted Government Auditing Standards

None.

Findings and Questioned Costs for Federal Awards

None.

**Center for Alcohol & Drug Services, Inc.  
Summary Schedule of Prior Findings  
For the Year Ended June 30, 2005**

There were no prior findings.