

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA**
Marshalltown, Iowa

FINANCIAL STATEMENTS
June 30, 2007 and 2006

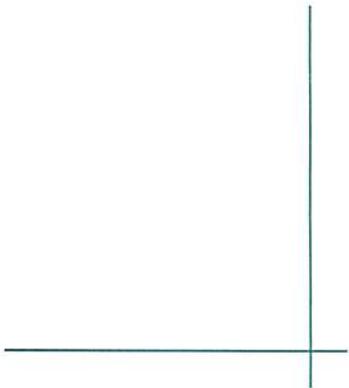


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SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA

BOARD OF DIRECTORS AND MANAGEMENT

June 30, 2007

BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>
Sharon Soorholtz Greer	Chairperson
Gordie Johnson	Board Member
Erv Miller	Board Member
Jim Ledvina	Board Member
Patrick Henry	Board Member
Polly Granzow	Board Member
Diane Petty	Board Member
Jennifer Krohn	Board Member
Michael Croker	Board Member

MANAGEMENT

<u>Name</u>	<u>Title</u>
Jack E. Stowe	Executive Director

Independent Auditor's Report

Board of Directors
Substance Abuse Treatment Unit
of Central Iowa
Marshalltown, Iowa

We have audited the accompanying statements of financial position of the Substance Abuse Treatment Unit of Central Iowa as of June 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Substance Abuse Treatment Unit of Central Iowa as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years 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 4, 2007, on our consideration of the Substance Abuse Treatment Unit of Central Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included on page 14 is presented for purposes of additional analysis 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.

Clifton Gunderson LLP

Cedar Rapids, Iowa
October 4, 2007

FINANCIAL STATEMENTS

SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash on hand and in bank	\$ 172,727	\$ 164,595
Certificates of deposit	325,362	312,419
Accounts receivable	108,077	93,807
Prepaid expenses	20,668	10,511
Deposits	<u>300</u>	<u>300</u>
Total current assets	<u>627,134</u>	<u>581,632</u>
 PROPERTY AND EQUIPMENT		
Land and improvements	35,000	35,000
Building and improvements	527,616	527,616
Furniture and equipment	<u>206,740</u>	<u>201,322</u>
Total	769,356	763,938
Less accumulated depreciation	<u>401,848</u>	<u>362,098</u>
Net property and equipment	<u>367,508</u>	<u>401,840</u>
 TOTAL ASSETS	 <u>\$ 994,642</u>	 <u>\$ 983,472</u>

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES		
Accounts payable	\$ 14,207	\$ 12,917
Accrued payroll	28,265	28,215
Accrued compensated absences	9,544	9,544
Deferred revenue	-	17,516
	<hr/>	<hr/>
Total current liabilities	52,016	68,192
NET ASSETS		
Unrestricted	<hr/> 942,626	<hr/> 915,280
TOTAL LIABILITIES AND NET ASSETS	<hr/> \$ 994,642	<hr/> \$ 983,472

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

SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
PUBLIC SUPPORT AND REVENUE		
Iowa Department of Public Health		
Prevention programs	\$ 199,285	\$ 142,017
Medicaid	54,157	63,623
Non-medicaid	467,489	420,619
Client fees	132,955	108,697
Third party pay	63,356	64,880
Contract fees	228,055	390,421
Interest income	13,437	7,964
Other revenue	<u>1,646</u>	<u>507</u>
Total public support and revenue	<u>1,160,380</u>	<u>1,198,728</u>
 EXPENSES		
Program services	967,225	963,918
Supporting activities		
Management and general	<u>165,809</u>	<u>135,207</u>
Total expenses	<u>1,133,034</u>	<u>1,099,125</u>
 CHANGE IN NET ASSETS	27,346	99,603
 NET ASSETS, BEGINNING OF YEAR	<u>915,280</u>	<u>815,677</u>
 NET ASSETS, END OF YEAR	<u>\$ 942,626</u>	<u>\$ 915,280</u>

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

SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2007 and 2006

	<u>2007</u>		
	<u>Program Services</u>	<u>SUPPORTING ACTIVITIES Management and General</u>	<u>Total Expenses</u>
Salaries and wages	\$ 610,955	\$ 99,905	\$ 710,860
Payroll taxes	47,815	7,810	55,625
Health insurance	47,633	11,281	58,914
	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	706,403	118,996	825,399
Supplies	79,118	6,096	85,214
Telephone	14,703	1,844	16,547
Postage	4,961	236	5,197
Rent	16,164	-	16,164
Space costs	31,306	5,799	37,105
Travel	11,448	2,579	14,027
Miscellaneous expense	2,118	275	2,393
Professional fees	-	6,700	6,700
Insurance	7,970	3,173	11,143
Employment advertising and promotion	2,545	236	2,781
Contracted services	65,705	-	65,705
Dues and subscriptions	175	-	175
Registrations and training	4,734	-	4,734
	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	947,350	145,934	1,093,284
Depreciation	19,875	19,875	39,750
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 967,225</u>	<u>\$ 165,809</u>	<u>\$ 1,133,034</u>

2006

<u>Program Services</u>	<u>SUPPORTING ACTIVITIES Management and General</u>	<u>Total Expenses</u>
\$ 580,611	\$ 82,354	\$ 662,965
46,529	6,538	53,067
<u>56,551</u>	<u>10,502</u>	<u>67,053</u>
683,691	99,394	783,085
54,732	6,480	61,212
16,758	1,655	18,413
5,494	177	5,671
16,164	-	16,164
30,622	3,741	34,363
14,164	3,137	17,301
26	669	695
540	5,230	5,770
13,535	3,794	17,329
4,978	70	5,048
88,897	-	88,897
175	4,534	4,709
<u>3,402</u>	<u>30</u>	<u>3,432</u>
933,178	128,911	1,062,089
<u>30,740</u>	<u>6,296</u>	<u>37,036</u>
<u>\$ 963,918</u>	<u>\$ 135,207</u>	<u>\$ 1,099,125</u>

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

**SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 27,346	\$ 99,603
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,750	37,036
Noncash interest income	(12,943)	(7,591)
Effects of changes in operating assets and liabilities:		
Accounts receivable	(14,270)	(5,429)
Prepaid expenses	(10,157)	305
Accounts payable	1,290	(5,524)
Accrued payroll	50	2,435
Accrued compensated absences	-	(2,904)
Deferred revenue	(17,516)	17,516
	<u>13,550</u>	<u>135,447</u>
Net cash provided by operating activities		
	<u>13,550</u>	<u>135,447</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(5,418)	(43,062)
Purchase of certificate of deposit	-	(100,000)
	<u>(5,418)</u>	<u>(143,062)</u>
Net cash used in investing activities		
	<u>(5,418)</u>	<u>(143,062)</u>
NET INCREASE (DECREASE) IN CASH	8,132	(7,615)
CASH, BEGINNING OF YEAR	<u>164,595</u>	<u>172,210</u>
CASH, END OF YEAR	<u>\$ 172,727</u>	<u>\$ 164,595</u>

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

SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Substance Abuse Treatment Unit of Central Iowa was created in 1976 as a perpetual, non-profit corporation under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the 1975 Code of Iowa. The Agency's fiscal year ends on June 30. The purpose and objectives of the Agency are to increase the understanding of the nature, treatment and damage of chemical dependency and to treat and rehabilitate those dependent upon chemical substances. The Agency is primarily a fee-based provider of services. Clients pay if they are able, but a majority of the client fees are paid by third parties, such as Medicaid and insurance companies. The Agency serves the four-county area of Hardin, Marshall, Poweshiek and Tama from treatment facilities in Iowa Falls, Marshalltown, Grinnell and Toledo, respectively. Significant accounting policies followed by the Agency are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with 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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue from client services is recognized, at estimated net collectable amounts, in the period the services are performed. A substantial portion of such revenue will not be collectable and the adjustment between standardized and collectable rates is treated as an adjustment to net fee revenue.

Revenue from grants and contracts is recognized as the services are performed if the contract is based on units of service or as costs are incurred if the contract is a cost reimbursement arrangement. Deferred revenue includes grant advances received for services the Agency will perform in subsequent periods.

Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. Unrestricted net assets includes all net assets which are neither temporarily or permanently restricted.

SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Agency's building is depreciated on the straight-line method over its estimated useful life of thirty years. The Agency follows the practice of capitalizing at cost, or at fair market value if donated, all expenditures for property and equipment in excess of \$1,000 and a useful life greater than one year. Land improvements are being depreciated on the straight-line method over an estimated useful life of fifteen years. Depreciation on the Agency's furniture and equipment is computed over the estimated useful lives of the assets ranging from three to ten years, by the straight-line method of depreciation.

Impairment of Long-Lived Assets

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Compensated Absences

Agency employees accumulate vacation and sick leave hours for subsequent use or, in the case of vacation leave, for payment upon retirement, death or termination. The Agency has accrued a liability for compensated absences from accrued vacation at June 30, 2007 and 2006, based on rates of pay on those dates.

Income Taxes

The Agency is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Agency is not classified as a private foundation.

Functional Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited.

SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 2 - CASH FLOW DISCLOSURES

The Agency had the following noncash operating and investing activity:

Interest totaling \$12,943 and \$7,591 earned on certificates of deposit was added to the balance of the certificates upon renewal during the years ended June 30, 2007 and 2006, respectively.

NOTE 3 - RETIREMENT PLAN

The Agency maintains a Tax Sheltered Annuity Retirement Plan 403(b) that covers employees who meet certain eligibility requirements. The Agency is not required to contribute into the plan, but instead will pay employees a specified percentage of their wage for them to put into their 403(b) account or to use in any other way they choose.

NOTE 4 - RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial coverage during the past three fiscal years.

NOTE 5 - DISCLOSURES ABOUT CERTAIN CONCENTRATIONS

The Agency is subject to a certain degree of vulnerability due to concentrations of revenue from major funding agencies. Revenue from these funding agencies represented the following percentages of total revenue for the years ended June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Department of Health and Human Services	0%	15%
Iowa Department of Public Health	17%	11%
MBC of Iowa - Non-Medicaid	40%	35%
MBC of Iowa - Medicaid	5%	5%

The Agency also maintains cash in a local bank, which exceeds the maximum amount insured by the FDIC. Management believes the credit risk related to the uninsured balance is minimal.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

**SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
SCHEDULE OF REVENUE AND EXPENSES -
I.D.P.H. CONTRACTS
Year Ended June 30, 2007**

	Comprehensive Prevention <u>5887-CP-18</u>	Drug & Violence Prevention <u>5887-DV-09</u>	Youth Development Prevention <u>5887-YM-66</u>
Revenue			
Iowa Department of Public Health	\$ 94,910	\$ 54,555	\$ 49,820
Client fees	1,598	-	-
Contract fees	8,900	-	-
Other revenue	<u>220</u>	<u>-</u>	<u>-</u>
Total revenue	<u>105,628</u>	<u>54,555</u>	<u>49,820</u>
Expenses			
Salaries	62,382	12,772	22,102
Personnel benefits	11,633	1,282	3,002
Supplies	4,048	3,474	13,749
Telephone	1,188	452	571
Postage	-	-	2
Occupancy costs	1,165	-	317
Travel	3,016	-	197
Employment advertising and promotion	494	-	-
Contracted services	-	26,798	726
Registrations and training	270	-	25
Other expenses	<u>-</u>	<u>-</u>	<u>2,100</u>
Total expenses	<u>84,196</u>	<u>44,778</u>	<u>42,791</u>
Excess of revenue over expenses	21,432	9,777	7,029
Indirect expense allocation	<u>14,012</u>	<u>7,459</u>	<u>7,128</u>
Net	<u>\$ 7,420</u>	<u>\$ 2,318</u>	<u>\$ (99)</u>

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Board of Directors
Substance Abuse Treatment Unit
of Central Iowa
Marshalltown, Iowa

We have audited the financial statements of the Substance Abuse Treatment Unit of Central Iowa as of and for the year ended June 30, 2007, and have issued our report thereon dated October 4, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Substance Abuse Treatment Unit of Central Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that item 2007-3 of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Substance Abuse Treatment Unit of Central Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Substance Abuse Treatment Unit of Central Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. While we expressed our conclusions on the Agency's responses, we did not audit the Substance Abuse Treatment Unit of Central Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of the Substance Abuse Treatment Unit of Central Iowa and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Substance Abuse Treatment Unit of Central Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Clifton Henderson LLP

Cedar Rapids, Iowa
October 4, 2007

**SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2007**

PART I: SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements.
2. Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. One of the significant deficiencies (item 2007-3) was considered to be a material weakness.
3. The audit did not disclose any non-compliance which is material to the financial statements.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2007-1: Segregation of Duties

Criteria:

The Agency should have adequate segregation of duties to provide for the accuracy and reliability of the financial statements.

Condition:

The Agency does not have adequate segregation of duties over all accounting transactions.

Context:

Internal controls that are in place could be averted, overridden, or not consistently implemented.

Effect:

As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected within a timely period.

Cause:

The Agency has a limited number of personnel performing accounting functions.

Recommendation:

When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities. We recommend the Agency review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response:

The Agency is aware of the lack of segregation of duties and has considered alternatives to improve this situation.

Conclusion:

Response accepted.

**SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2007**

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

2007-2: Audit Adjustments

Criteria:

The Agency should have adequate procedures to provide for the accuracy and reliability of the trial balance given to the auditor.

Condition:

During the course of the audit, misstatements that had a material effect on the Agency's financial statements were discovered. Adjusting journal entries were made to correct these misstatements.

Context:

Although adjustments during the course of an audit are not uncommon, the independent auditor cannot be considered part of the Agency's internal control system.

Effect:

As a result of this condition, there is a higher risk that misstatements that are material to the financial statements could occur and not be detected.

Cause:

The Agency has relied on the independent auditor to some degree to provide assurance that the financial statements are not materially misstated.

Recommendation:

We recommend that management establish internal procedures to identify and correct all financial statement misstatements.

Response:

The Agency will consider our recommendation to improve this situation.

Conclusion:

Response accepted.

**SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2007**

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

2007-3: Preparation of Financial Statements

Criteria:

The Board of Directors and management share the ultimate responsibility for the Agency's financial statements, including disclosures.

Condition:

The Agency has not implemented procedures, to the degree necessary, to perform a review and assume responsibility for the Agency's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected.

Context:

While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The independent auditor cannot be considered part of the Agency's internal control system. The Agency has implemented procedures to review the financial statements and disclosures but has not utilized review aids, such as a disclosure checklist, and may not have monitored recent accounting developments to the extent necessary to provide a high level of assurance that financial statement omissions or other errors would be identified and corrected.

Effect:

As a result of this condition, there is a higher risk that financial statement omissions or other errors could occur and not be detected.

Cause:

The Agency has relied on the independent auditor to some degree to provide assurance that the financial statements, including disclosures, are not materially misstated.

Recommendation:

We recommend that sufficient financial statement and disclosure review procedures be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the Agency's activities and operations.

Response:

The Agency will consider our recommendation to improve this situation.

Conclusion:

Response accepted.

**SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2007**

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

**PART III: OTHER FINDINGS RELATED TO STATUTORY REQUIREMENTS
AND OTHER MATTERS**

No matters were reported.

FINANCIAL STATEMENTS

SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

ASSETS

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SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
PUBLIC SUPPORT AND REVENUE		
Iowa Department of Public Health		
Prevention programs	\$ 199,285	\$ 142,017
Medicaid	54,157	63,623
Non-medicaid	467,489	420,619
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Third party pay	63,356	64,880
Contract fees	228,055	390,421
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Other revenue	<u>1,646</u>	<u>507</u>
Total public support and revenue	<u>1,160,380</u>	<u>1,198,728</u>
 EXPENSES		
Program services	967,225	963,918
Supporting activities		
Management and general	<u>165,809</u>	<u>135,207</u>
Total expenses	<u>1,133,034</u>	<u>1,099,125</u>
 CHANGE IN NET ASSETS	27,346	99,603
 NET ASSETS, BEGINNING OF YEAR	<u>915,280</u>	<u>815,677</u>
 NET ASSETS, END OF YEAR	<u>\$ 942,626</u>	<u>\$ 915,280</u>

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

SUBSTANCE ABUSE TREATMENT UNIT OF CENTRAL IOWA
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2007 and 2006

	<u>2007</u>		
	<u>Program</u> <u>Services</u>	<u>SUPPORTING</u> <u>ACTIVITIES</u> <u>Management</u> <u>and</u> <u>General</u>	<u>Total</u> <u>Expenses</u>
Salaries and wages	\$ 610,955	\$ 99,905	\$ 710,860
Payroll taxes	47,815	7,810	55,625
Health insurance	47,633	11,281	58,914
	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	706,403	118,996	825,399
Supplies	79,118	6,096	85,214
Telephone	14,703	1,844	16,547
Postage	4,961	236	5,197
Rent	16,164	-	16,164
Space costs	31,306	5,799	37,105
Travel	11,448	2,579	14,027
Miscellaneous expense	2,118	275	2,393
Professional fees	-	6,700	6,700
Insurance	7,970	3,173	11,143
Employment advertising and promotion	2,545	236	2,781
Contracted services	65,705	-	65,705
Dues and subscriptions	175	-	175
Registrations and training	4,734	-	4,734
	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	947,350	145,934	1,093,284
Depreciation	19,875	19,875	39,750
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 967,225	\$ 165,809	\$ 1,133,034