

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES
INDEPENDENT AUDITORS' REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES

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PRAIRIE RIDGE ADDICTION TREATMENT SERVICES

BOARD OF DIRECTORS

NAME	TITLE	TERM EXPIRES
JoEllen Steil	President	October, 2010
Pam Wymore	Vice-President	October, 2010
Robert Erickson	Secretary	October, 2009
Tana Olson	Treasurer	October, 2010
Laura Cerny	Member	October, 2010
Steve Wolfe	Member	October, 2009
Robert Ermer	Member	October, 2009
Robert Benck	Member	October, 2009
Willie Wubben	Member	October, 2010
Arlin Enabnit	Member	October, 2010
Betty McCarthy	Member	October, 2009
Joel Voaklander	Member	October, 2010
Charles Stock	Member	October, 2009
Phil Dougherty	Member	October, 2009
Dan Barrett	Member	October, 2009
Jay Hansen	Executive Director	Indefinite

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CERTIFIED PUBLIC ACCOUNTANTS

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MICHAEL R. BAKER, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Prairie Ridge Addiction Treatment Services
Mason City, Iowa

We have audited the accompanying statements of financial position of Prairie Ridge Addiction Treatment Services as of June 30, 2009 and 2008, 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 the 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 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 Prairie Ridge Addiction Treatment Services as of June 30, 2009 and 2008, and the results of its operations 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 December 28, 2009 on our consideration of the Organization's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 compliance. 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 audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Prairie Ridge Addiction Treatment Services taken as a whole. The supplemental information included in the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, 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 aforementioned basic financial statements taken as a whole.

Williams & Associates, P.L.C.

Williams & Associates, P.L.C.
Certified Public Accountants

Mason City, Iowa
December 28, 2009

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES

STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

ASSETS	2009	2008
CURRENT ASSETS		
Cash - undesignated	\$ 981,954	\$ 634,030
Cash - Board designated	4,597,861	4,368,213
Marketable securities - Board designated	3,608,535	4,820,875
Accounts receivable, less allowance for doubtful accounts of \$367,724 and \$250,368	589,455	409,986
Interest receivable	6,568	6,236
Prepaid expenses	13,601	8,955
Total current assets	<u>\$ 9,797,974</u>	<u>\$ 10,248,295</u>
PROPERTY AND EQUIPMENT		
Land and improvements	\$ 120,560	\$ 120,560
Building	2,989,001	2,981,452
Furniture, fixtures, and equipment	662,025	657,859
Automobile	41,217	41,217
	<u>\$ 3,812,803</u>	<u>\$ 3,801,088</u>
Less accumulated depreciation	1,821,981	1,718,629
	<u>\$ 1,990,822</u>	<u>\$ 2,082,459</u>
	<u>\$ 11,788,796</u>	<u>\$ 12,330,754</u>
	=====	=====
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 41,242	\$ 38,697
Accrued expenses		
Payroll	92,529	77,354
Vacation	66,003	64,455
Other	50,640	50,375
Total current liabilities	<u>\$ 250,414</u>	<u>\$ 230,881</u>
NET ASSETS		
Unrestricted		
Undesignated	\$ 3,331,986	\$ 2,910,785
Designated by the Board of Directors	8,206,396	9,189,088
Total net assets	<u>\$ 11,538,382</u>	<u>\$ 12,099,873</u>
	<u>\$ 11,788,796</u>	<u>\$ 12,330,754</u>
	=====	=====

See Notes to Financial Statements

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2009 and 2008

UNRESTRICTED NET ASSETS	2009	2008
OPERATING REVENUES AND SUPPORT		
Iowa Department of Public Health	\$ 1,505,828	\$ 1,422,684
Client fees	1,294,137	1,009,636
Second Judicial District Department of Corrections	122,212	90,439
AEA subcontract	111,024	54,402
Counties	85,061	90,134
Cities	3,000	4,500
United Way	39,490	62,808
Other income	294,892	204,814
TOTAL OPERATING REVENUE AND SUPPORT	<u>\$ 3,455,644</u>	<u>\$ 2,939,417</u>
OPERATING EXPENSES		
Program services	\$ 2,084,633	\$ 1,790,942
Support services	777,555	742,870
TOTAL EXPENSES	<u>\$ 2,862,188</u>	<u>\$ 2,533,812</u>
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 593,456	\$ 405,605
NONOPERATING REVENUE		
Donations	1,275	6,157
Interest and dividends	227,485	284,062
Loss on investments	(1,380,768)	(540,181)
Loss on disposal of equipment	(2,939)	--
INCREASE (DECREASE) IN NET ASSETS	\$ (561,491)	\$ 155,643
NET ASSETS – BEGINNING OF YEAR	<u>12,099,873</u>	<u>11,944,230</u>
NET ASSETS – END OF YEAR	<u>\$ 11,538,382</u>	<u>\$ 12,099,873</u>

See Notes to Financial Statements

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (561,491)	\$ 155,643
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	148,230	142,600
Loss on investments	1,380,768	540,181
Loss on disposal of equipment	2,939	--
Mutual fund dividends reinvested	(168,428)	(118,432)
Change in assets and liabilities:		
Increase in receivables	(179,801)	(41,673)
Increase in prepaid expenses	(4,646)	(3,052)
Increase in accounts payable	2,545	9,329
Increase in accrued expenses	<u>16,988</u>	<u>6,661</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 637,104	\$ 691,257
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(59,532)</u>	<u>(147,344)</u>
NET INCREASE IN CASH	\$ 577,572	\$ 543,913
CASH AT BEGINNING OF YEAR	<u>5,002,243</u>	<u>4,458,330</u>
CASH AT END OF YEAR	\$ 5,579,815 =====	\$ 5,002,243 =====

See Notes to Financial Statements

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Note 1. Nature of Activities

Prairie Ridge Addiction Treatment Services is a voluntary not-for-profit corporation as described in Section 501(c)(3) of the Federal Internal Revenue Code. The purpose of the Organization is to provide education and counseling for substance abusers and their families and to provide residential care services for substance abusers. Services are open to admissions on a statewide basis but the Organization primarily serves the eight-county area surrounding Mason City, Iowa. Prairie Ridge Addiction Treatment Services extends credit to clients based on an ability to pay and collects whenever possible. Public support is also solicited from the counties served by the Agency and from state agencies.

Note 2. Significant Accounting Policies

Accounting Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Allowance for Doubtful Accounts

Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

Note 2. Significant Accounting Policies (continued)

Fair Value Measurement

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

Prairie Ridge carries marketable securities in the statement of financial position at fair market Value using Level 1 valuation techniques.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Depreciation expense for the years ended June 30, 2009 and 2008 totaled \$148,230 and \$142,600, respectively.

Note 3. Marketable Securities

Marketable securities at June 30, 2009 and 2008 are recorded at market value as follows:

	2009		2008	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Common stocks and equity mutual funds	\$ 3,608,535	\$ 4,584,781	\$ 4,820,876	\$ 4,416,353

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

Note 4. Retirement Plan

Prairie Ridge has adopted a defined contribution retirement plan covering substantially all employees. Contributions to the plan are made at the discretion of the Board of Directors and totaled \$84,250 and \$73,485 for the years ended June 30, 2009 and 2008 respectively.

Note 5. Income Taxes

Prairie Ridge is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Note 6. Net Assets - Board Designated

Prairie Ridge has designated a portion of its net assets to be used for future construction, special projects and renovation or replacement of fixed assets. These assets represent otherwise spendable unrestricted funds which the Board of Directors has chosen to invest for these specific purposes.

Note 7. Operating Leases

The Organization's Mason City facility is located on a leased site under a prepaid lease which expires in 2089. The Organization's Algona and Charles City operations are conducted from facilities under month-to-month rental agreements. Rental expense for all operations totaled \$12,969 and \$11,944 for the years ended June 30, 2009 and 2008, respectively.

Note 8. Risk Management

The Organization 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 insurance coverage for the past three years.

Note 9. Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Note 10. Major Source of Revenue

Approximately half of the Organization's annual revenue is received from a Federal Block Grant for Prevention and Treatment of Substance Abuse passed through the State of Iowa.

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2009

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PROGRAM AMOUNT</u>
INDIRECT:		
U.S. Department of Health and Human Services:		
Passed through the Iowa Department of Public Health:		
Block Grants for Prevention and		
Treatment of Substance Abuse:		
Comprehensive Treatment Program	93.959	\$ 1,496,565

Note 1. Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of Prairie Ridge Addiction Treatment Services 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. See accompanying independent auditor's report.

Note 2. Amount of Federal Award

During the year ended June 30, 2009, funds totaling \$1,496,565 were received from the Iowa Department of Public Health. While the grant agreement indicates that the source of the funds includes both federal (CFDA 93.959) and state awards, the amount of federal funds included in the total was not provided to Prairie Ridge. Because the federal portion of the expenditures is unknown, the full amount is included in this Schedule of Expenditures of Federal Awards.

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INDEPENDENT AUDITORS' 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
Prairie Ridge Addiction Treatment Services
Mason City, Iowa

We have audited the financial statements of Prairie Ridge Addiction Treatment Services as of and for the year ended June 30, 2009, and have issued our report thereon dated December 28, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization'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 our opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Prairie Ridge Addiction Treatment Services 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, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the 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 Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency 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 a material misstatement of the financial statements will not be prevented or detected by Prairie Ridge Addiction Treatment Services 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, the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether financial statements of Prairie Ridge Addiction Treatment Services 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.

Comments involving statutory and other legal matters about the Organization's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Prairie Ridge Addiction Treatment Services. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Organization's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the Organization's responses, we did not audit Prairie Ridge Addiction Treatment Services 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 management of Prairie Ridge Addiction Treatment Services and other parties to whom the Organization may report. 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 Prairie Ridge Addiction Treatment Services 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.

Williams & Associates, PLC
Williams & Associates, P.L.C.
Certified Public Accountants

Mason City, Iowa
December 28, 2009

WILLIAMS & ASSOCIATES, P.L.C.
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB-CIRCULAR A-133

Board of Directors
Prairie Ridge Addiction Treatment Services
Mason City, Iowa

Compliance

We have audited the compliance of Prairie Ridge Addiction Treatment Services 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 its major federal program for the year ended June 30, 2009. The Organization's major federal program is 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 its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States 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 the Organization'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 compliance with those requirements by Prairie Ridge Addiction Treatment Services.

In our opinion Prairie Ridge Addiction Treatment Services complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Prairie Ridge Addiction Treatment Services 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 the Organization'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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Organization's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the Organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Organization's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control. The significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs is considered to be a material weakness.

Prairie Ridge Addition Treatment Services responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the Organization's responses, we did not audit those 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 Prairie Ridge Addiction Treatment Services and other parties to whom the Organization 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.

Williams & Associates, PLLC

Williams & Associates, P.L.C.
Certified Public Accountants

Mason City, Iowa
December 28, 2009

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part 1: Summary of the Independent Auditors' Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiencies in internal control over financial reporting was disclosed by the audit of the financial statements, which were considered a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which is considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was Block Grant for Prevention and Treatment of Substance Abuse, CFDA Number 93.959.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Prairie Ridge Addiction Treatment Services did not qualify as a low-risk auditee.

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2009

Part II: Findings Related to the General Purpose Financial Statements

SIGNIFICANT DEFICIENCIES:

09-II-A Segregation of Duties

An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. As noted in prior years, one individual has custody of receipts and performs all recordkeeping and reconciling functions for the Organization.

Recommendation

We realize segregation of duties is difficult with a limited number of office employees. However, the Organization should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Organization should consider designating a Board member to provide additional control through review of financial statements, general ledger activity, and bank statements to ensure the Board understands how and why financial statement amounts occur.

Response and Corrective Action Planned

We will review procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by one individual will be separated and spread among various employees. We plan to implement these changes by March, 2010.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters noted.

SIGNIFICANT DEFICIENCIES:

CFDA Number 93.959: Block Grant for Prevention and Treatment of Substance Abuse

U.S. Department of Health and Human Services
Passed through the Iowa Department of Public Health

09-IV-A Segregation of Duties over Federal Program

The Organization did not properly segregate custody, record-keeping and reconciling functions including those related to its federal program. See item 09-II-A.

PRAIRIE RIDGE ADDICTION TREATMENT SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding 08-II-A Prevention and Treatment of Drug Abuse

Condition: Inadequate segregation of accounting duties

Current Status: See audit finding 09-II-A