

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

**FINANCIAL AND COMPLIANCE REPORT
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

June 30, 2011 and 2010

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 Center for Alcohol & Drug Services, Inc. of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center'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 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 Center for Alcohol & Drug Services, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and 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 7, 2011 on our consideration of Center for Alcohol & Drug Services, Inc.'s internal control over financial reporting and 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 or on 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 audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Center for Alcohol & Drug Services, Inc. taken as a whole. The supplementary information on pages 18 through 20 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 26 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 basic financial statements taken as a whole.

Doyle & Keenan, P.C.

October 7, 2011

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Statements of Financial Position
June 30, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and Cash Equivalents	\$ 737,646	\$ 782,681
Investments	1,612,208	1,274,461
Accounts Receivable - Public Support	374,701	470,314
Accounts Receivable - Client Fees, Net	123,483	66,520
Unconditional Promises to Give	81,339	84,063
Inventory	3,222	3,930
Prepaid Expenses	60,478	60,140
Total Current Assets	<u>2,993,077</u>	<u>2,742,109</u>
Property and Equipment; Net	<u>2,081,111</u>	<u>2,132,612</u>
Total Assets	<u>\$ 5,074,188</u>	<u>\$ 4,874,721</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current Maturities of Long-Term Debt	\$ 28,990	\$ 36,378
Accounts Payable and Accrued Expenses	<u>460,532</u>	<u>464,672</u>
Total Current Liabilities	489,522	501,050
Long-Term Debt, Less Current Maturities	<u>30,074</u>	<u>273,040</u>
Total Liabilities	<u>519,596</u>	<u>774,090</u>
Net Assets:		
Unrestricted:		
Undesignated	629,751	341,099
Undesignated - Investment in Fixed Assets	2,081,111	2,132,612
Designated for Capital Improvements	<u>1,762,391</u>	<u>1,542,857</u>
Total Unrestricted Net Assets	4,473,253	4,016,568
Temporarily Restricted	<u>81,339</u>	<u>84,063</u>
Total Net Assets	<u>4,554,592</u>	<u>4,100,631</u>
Total Liabilities and Net Assets	<u>\$ 5,074,188</u>	<u>\$ 4,874,721</u>

See Notes to Financial Statements.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Statement of Activities
Year Ended June 30, 2011

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
Public Support and Revenue:			
Public Support:			
Illinois Department of Human Services -			
Division of Alcoholism and Substance Abuse	\$ 682,027	\$ -	\$ 682,027
Iowa Department of Public Health -			
Division of Substance Abuse	2,474,718	-	2,474,718
United Way	15,782	81,339	97,121
Rock Island County	59,668	-	59,668
Army Substance Abuse Program	99,268	-	99,268
Scott County	686,423	-	686,423
County Commitments	43,666	-	43,666
Seventh Judicial District	120,302	-	120,302
Family Drug Court	66,647	-	66,647
U.S. Probation	126,921	-	126,921
Contributions	23,313	-	23,313
Net Assets Released from Restrictions	84,063	(84,063)	-
Total Public Support	4,482,798	(2,724)	4,480,074
Revenue:			
Client Fees	400,068	-	400,068
Client Fees - Insurance	851,231	-	851,231
Contractual Fees and Other Payments	214,852	-	214,852
Rental Income	4,650	-	4,650
Interest and Dividends - Net of Expenses of \$7,714	34,092	-	34,092
Gain on Disposal of Property and Equipment	3,000	-	3,000
Realized Gain on Sale of Investments	7,404	-	7,404
Unrealized Gain on Investments	198,656	-	198,656
Total Revenue	1,713,953	-	1,713,953
Total Public Support and Revenue	6,196,751	(2,724)	6,194,027
Expenses:			
Program Services:			
Outpatient	2,742,051	-	2,742,051
Residential	1,343,794	-	1,343,794
Detoxification	468,287	-	468,287
Prevention	405,395	-	405,395
Total Program Services	4,959,527	-	4,959,527
Supporting Services:			
Fundraising	1,092	-	1,092
Management and General	779,447	-	779,447
Total Expenses	5,740,066	-	5,740,066
Change in Net Assets	456,685	(2,724)	453,961
Net Assets - Beginning	4,016,568	84,063	4,100,631
Net Assets - Ending	\$ 4,473,253	\$ 81,339	\$ 4,554,592

See Notes to Financial Statements.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.

**Statement of Activities
Year Ended June 30, 2010**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total</u>
Public Support and Revenue:			
Public Support:			
Illinois Department of Human Services -			
Division of Alcoholism and Substance Abuse	\$ 637,354	\$ -	\$ 637,354
Iowa Department of Public Health -			
Division of Substance Abuse	2,627,264	-	2,627,264
United Way	109	84,063	84,172
Rock Island County	58,075	-	58,075
Army Substance Abuse Program	95,859	-	95,859
Scott County	688,331	-	688,331
County Commitments	37,959	-	37,959
Seventh Judicial District	119,792	-	119,792
Family Drug Court	47,813	-	47,813
U.S. Probation	126,237	-	126,237
Contributions	23,846	-	23,846
Net Assets Released from Restrictions	88,958	(88,958)	-
Total Public Support	<u>4,551,597</u>	<u>(4,895)</u>	<u>4,546,702</u>
Revenue:			
Client Fees	321,104	-	321,104
Client Fees - Insurance	651,438	-	651,438
Contractual Fees and Other Payments	636,570	-	636,570
Rental Income	3,600	-	3,600
Interest and Dividends - Net of Expenses \$4,994	27,644	-	27,644
Loss on Disposal of Property and Equipment	(35,000)	-	(35,000)
Realized (Loss) on Sale of Investments	(41,063)	-	(41,063)
Unrealized Gain on Investments	64,979	-	64,979
Total Revenue	<u>1,629,272</u>	<u>-</u>	<u>1,629,272</u>
Total Public Support and Revenue	<u>6,180,869</u>	<u>(4,895)</u>	<u>6,175,974</u>
Expenses:			
Program Services:			
Outpatient	2,708,810	-	2,708,810
Residential	1,346,831	-	1,346,831
Detoxification	442,400	-	442,400
Prevention	432,822	-	432,822
Total Program Services	<u>4,930,863</u>	<u>-</u>	<u>4,930,863</u>
Supporting Services:			
Fundraising	463	-	463
Management and General	684,437	-	684,437
Total Expenses	<u>5,615,763</u>	<u>-</u>	<u>5,615,763</u>
Change in Net Assets	565,106	(4,895)	560,211
Net Assets - Beginning	<u>3,451,462</u>	<u>88,958</u>	<u>3,540,420</u>
Net Assets - Ending	<u>\$ 4,016,568</u>	<u>\$ 84,063</u>	<u>\$ 4,100,631</u>

See Notes to Financial Statements.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Statement of Functional Expenses
Year Ended June 30, 2011

	Outpatient	Residential	Detoxification	Prevention	Total Program Services	Fundraising	Management and General	Total
Salaries	\$ 1,907,074	\$ 876,773	\$ 309,247	\$ 253,306	\$ 3,346,400	\$ 755	\$ 352,868	\$ 3,700,023
Worker's Compensation	12,446	5,461	1,817	1,887	21,611	-	2,535	24,146
Employee Benefits:								
Health Insurance	147,551	68,758	24,354	17,726	258,389	-	21,102	279,491
Retirement	9,280	4,972	3,188	1,632	19,072	-	10,609	29,681
Other	1,079	477	144	320	2,020	-	14,031	16,051
Payroll Taxes:								
Social Security	136,979	63,039	22,270	17,997	240,285	-	24,932	265,217
Unemployment	4,604	2,147	685	943	8,379	-	-	8,379
Professional Fees:								
Accounting/Legal	-	-	-	-	-	-	37,604	37,604
Laboratory/Urinalysis	42,360	5,393	2,736	-	50,489	-	-	50,489
Contract Services	36,379	13,802	5,073	3,689	58,943	-	37,966	96,909
Medical Consultants	26,016	48,560	20,726	-	95,302	-	-	95,302
Supplies:								
Office, Outside Printing	32,383	10,601	4,236	8,411	55,631	-	46,853	102,484
Medical	33,274	12,286	3,828	70	49,458	-	109	49,567
Education, Recreation and Crafts	189	-	-	7,669	7,858	-	-	7,858
Food and Beverage	4,276	73,473	22,369	680	100,798	-	1,283	102,081
Housekeeping and Laundry	5,056	12,964	3,955	752	22,727	-	2,464	25,191
Telephone	32,831	9,007	2,747	6,195	50,780	-	13,627	64,407
Postage and Shipping	8,350	-	-	285	8,635	-	9,559	18,194
Advertising/Social Marketing	1,122	-	-	1,229	2,351	337	1,741	4,429
Occupancy:								
Rent	43,200	-	-	-	43,200	-	-	43,200
Utilities	31,708	22,029	6,717	5,445	65,899	-	14,928	80,827
Maintenance	33,660	30,923	9,424	6,811	80,818	-	65,949	146,767
Insurance	3,946	3,768	1,140	1,448	10,302	-	2,863	13,165
Transportation:								
Mileage	13,112	880	269	3,278	17,539	-	4,921	22,460
Vehicle Costs	9,182	18,990	4,576	2,759	35,507	-	18,695	54,202
Auto Insurance	2,391	2,313	702	668	6,074	-	3,038	9,112
Conferences and Training	16,234	161	49	2,382	18,826	-	19,871	38,697
Subscriptions and References	18,797	658	197	6,177	25,829	-	22,902	48,731
Special Assistance	40,005	1,877	570	-	42,452	-	400	42,852
General Liability Insurance	5,020	4,866	1,475	1,889	13,250	-	18,298	31,548
Recruiting	811	618	190	38	1,657	-	1,765	3,422
Equipment Rental	13,191	3,210	1,297	3,247	20,945	-	5,573	26,518
Interest	4,770	-	-	9,259	14,029	-	-	14,029
Subcontracts	-	-	-	16,604	16,604	-	-	16,604
Depreciation	64,775	45,788	14,306	22,599	147,468	-	22,961	170,429
Total Functional Expenses	\$ 2,742,051	\$ 1,343,794	\$ 468,287	\$ 405,395	\$ 4,959,527	\$ 1,092	\$ 779,447	\$ 5,740,066

See Notes to Financial Statements.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Statement of Functional Expenses
Year Ended June 30, 2010

	Outpatient	Residential	Detoxification	Prevention	Total Program Services	Fundraising	Management and General	Total
Salaries	\$ 1,867,586	\$ 848,514	\$ 279,847	\$ 250,397	\$ 3,246,344	\$ 463	\$ 350,315	\$ 3,597,122
Worker's Compensation	11,054	4,815	1,471	1,864	19,204	-	2,307	21,511
Employee Benefits:								
Health Insurance	190,516	98,829	27,244	23,691	340,280	-	46,029	386,309
Other	802	328	102	139	1,371	-	9,520	10,891
Payroll Taxes:								
Social Security	134,216	60,255	19,970	17,752	232,193	-	24,496	256,689
Unemployment	3,643	(15)	(5)	-	3,623	-	13,517	17,140
Professional Fees:								
Accounting/Legal	-	-	-	-	-	-	49,918	49,918
Laboratory/Urinalysis	33,550	3,283	2,393	120	39,346	-	-	39,346
Contract Services	25,938	7,676	2,989	2,150	38,753	-	18,895	57,648
Medical Consultants	30,706	43,681	19,032	-	93,419	-	-	93,419
Supplies:								
Office, Outside Printing	24,767	5,800	2,518	2,122	35,207	-	19,479	54,686
Medical	31,723	16,390	5,640	91	53,844	-	1,265	55,109
Education, Recreation and Crafts	122	-	-	2,716	2,838	-	-	2,838
Food and Beverage	6,922	79,891	24,831	363	112,007	-	946	112,953
Housekeeping and Laundry	9,324	17,698	5,494	1,753	34,269	-	2,969	37,238
Telephone	29,782	10,476	3,256	5,382	48,896	-	13,000	61,896
Postage and Shipping	9,635	-	-	410	10,045	-	7,906	17,951
Advertising/Social Marketing	16,170	2,864	1,506	30,188	50,728	-	1,720	52,448
Occupancy:								
Rent	25,880	-	-	-	25,880	-	-	25,880
Utilities	25,502	22,287	6,927	4,781	59,497	-	13,184	72,681
Maintenance	32,455	27,839	8,653	7,904	76,851	-	16,323	93,174
Insurance	3,754	2,965	921	1,868	9,508	-	3,370	12,878
Transportation:								
Mileage	13,455	459	152	3,108	17,174	-	2,150	19,324
Vehicle Costs	11,482	31,677	9,845	5,936	58,940	-	18,463	77,403
Auto Insurance	2,767	3,202	995	1,522	8,486	-	3,286	11,772
Conferences and Training	3,791	121	38	15,072	19,022	-	9,544	28,566
Subscriptions and References	31,245	3,634	1,130	693	36,702	-	8,576	45,278
Special Assistance	41,560	689	233	-	42,482	-	72	42,554
General Liability Insurance	3,680	3,139	976	1,636	9,431	-	20,507	29,938
Recruiting	1,311	757	236	26	2,330	-	1,837	4,167
Equipment Rental	11,461	3,678	1,413	3,160	19,712	-	4,694	24,406
Interest	5,507	-	-	10,692	16,199	-	-	16,199
Subcontracts	-	-	-	13,783	13,783	-	-	13,783
Depreciation	68,504	45,899	14,593	23,503	152,499	-	20,149	172,648
Total Functional Expenses	\$ 2,708,810	\$ 1,346,831	\$ 442,400	\$ 432,822	\$ 4,930,863	\$ 463	\$ 684,437	\$ 5,615,763

See Notes to Financial Statements.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.

Statements of Cash Flows

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 453,961	\$ 560,211
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	170,429	172,648
Loss on Disposal of Fixed Assets	-	35,000
Realized (Gain) Loss on Sale of Investments	(7,404)	41,063
Unrealized (Gain) on Investments	(198,656)	(64,979)
(Increase) Decrease in:		
Accounts Receivable - Public Support	95,613	99,096
Accounts Receivable - Client Fees, Net	(56,963)	46,678
Unconditional Promises to Give	2,724	4,895
Inventory	708	(530)
Prepaid Expenses	(338)	(559)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(4,140)	(100,646)
Net Cash Provided by Operating Activities	<u>455,934</u>	<u>792,877</u>
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(118,928)	(110,796)
Purchase of Investments	(353,176)	(928,053)
Proceeds from Sale of Investments	221,489	500,581
Net Cash (Used in) Investing Activities	<u>(250,615)</u>	<u>(538,268)</u>
Cash Flows From Financing Activities:		
Proceeds from Long-Term Debt	17,997	68,973
Principal Payments on Long-Term Debt	(268,351)	(14,463)
Net Cash Provided by (Used in) Financing Activities	<u>(250,354)</u>	<u>54,510</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(45,035)	309,119
Cash and Cash Equivalents - Beginning	<u>782,681</u>	<u>473,562</u>
Cash and Cash Equivalents - Ending	<u>\$ 737,646</u>	<u>\$ 782,681</u>
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	<u>\$ 14,029</u>	<u>\$ 16,199</u>

See Notes to Financial Statements.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Notes to Financial Statements

Note 1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization - Center for Alcohol & Drug Services, Inc. (“the Center”) is an Iowa not-for-profit corporation also registered to do business in Illinois 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 are:

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.

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.

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.

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.

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.

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.

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.

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.

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 other programs are designed to provide participants with a forum for learning more about the disease and successful recovery.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Notes to Financial Statements

Note 1. Nature of the Organization and Significant Accounting Policies (Continued)

A summary of the Organization's significant accounting policies follows:

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Subsequent Events - In accordance with the Subsequent Events Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, in preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through October 7, 2011, the date the financial statements were available to be issued.

Basis of Presentation - Financial statement presentation follows the recommendations of the Statements of Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. 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 has no permanently restricted net assets.

Expenses are generally reported as decreases 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 of 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.

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

Investments - The Center carries investments in marketable securities with readily determinable fair values and all debt securities at their fair value in the statement of financial position. Realized gains or losses are determined on the specific identification method and are reflected in revenue. Unrealized gains and losses are included in the change in net assets.

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

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Notes to Financial Statements

Note 1. Nature of the Organization and 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 - 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.

In accordance with the Income Taxes Topic of the FASB Accounting Standards Codification, management evaluated the Center's tax positions and concluded that the Center had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

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. 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). Management believes that credit risk related to these deposits is minimal.

Note 3. Accounts Receivable - Client Fees

Client fee receivables totaled \$173,416 and \$116,453 at June 30, 2011 and 2010, 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, 2011 and 2010.

Note 4. Fair Value Measurements and Investments

The Fair Value Measurements and Disclosures Topic of FASB ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 and Level 2 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Quoted prices in active markets for identical securities.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Significant unobservable inputs.

The Center's investments in various investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such a change could materially affect the amounts reported in the statement of financial position.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Notes to Financial Statements

Note 4. Fair Value Measurements and Investments (Continued)

The Center holds investments in brokerage accounts as shown below. The investments are measured at fair value, on a recurring basis during the year, using quoted prices in active markets for identical assets (Level 1). The cost includes the amounts of reinvested dividends and distributions from mutual funds. The cost and fair values of these investments at June 30, are as follows:

	2011		2010	
	Cost	Fair Value Level 1	Cost	Fair Value Level 1
Money Market Funds	\$ 37,260	\$ 37,260	\$ 30,494	\$ 30,494
Fixed Income:				
U.S. Government Agency Obligations	-	-	100,000	104,125
Mutual Funds	400,000	399,560	225,000	225,516
Mutual Funds - Tax Exempt	180,000	179,799	180,000	179,799
Equity Funds:				
Common Stock	649,717	719,481	581,326	513,400
Mutual Funds - Equity	152,373	183,836	156,559	142,198
Mutual Funds - Global	88,120	92,272	95,000	78,929
Total Investments	\$ 1,507,470	\$ 1,612,208	\$ 1,368,379	\$ 1,274,461

During the years ending June 30, 2011 and 2010, investments were sold for total proceeds of \$221,489 and \$500,581, respectively and gross realized gains (losses) on these sales was \$7,404 and \$(41,063), respectively. For purposes of determining gross realized gains or losses, the cost of securities sold is based upon the specific identification method of investments sold. Net unrealized holding gains and (losses) in the amount of \$198,656 and \$64,979 has been included in the change of net assets for the years ending June 30, 2011 and 2010, respectively.

Note 5. Fixed Assets

A summary of changes in fixed assets for the year ended June 30, 2011, is as follows:

	Balance June 30, 2010	Additions	Disposals	Balance June 30, 2011
	Land			\$ 298,452
Buildings and Improvements	3,608,011	88,563	-	3,696,574
Leasehold Improvements	1,925	-	-	1,925
Equipment and Vehicles	584,003	30,365	(16,634)	597,734
Total Cost	4,492,391	118,928	(16,634)	4,594,685
Accumulated Depreciation	(2,359,779)	(170,429)	16,634	(2,513,574)
Net Fixed Assets	\$ 2,132,612	\$ (51,501)	\$ -	\$ 2,081,111

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Notes to Financial Statements

Note 6. Long-Term Debt

Long-Term Debt as of June 30, 2011, consisted of the following:

	2011	2010
IFF, original amount of \$275,000 and interest rate of 6.5%, due in monthly installments of \$2,396 including interest, balance due September 1, 2022, secured by land and building located at 1519 East Locust Street, Davenport, IA.	\$ -	\$ 242,362
Ford Credit, interest rate of 0%, due in monthly installments of \$958, balance due May 31, 2013.	22,033	33,528
Ford Credit, interest rate of 0%, due in monthly installments of \$958, balance due May 31, 2013.	22,033	33,528
Ford Credit, interest rate of 0%, due in monthly installments of \$500, balance due January 24, 2014.	14,998	-
Total Long-Term Debt	59,064	309,418
Less: Current Maturities	(28,990)	(36,378)
Long-Term Debt, Net of Current Maturities	\$ 30,074	\$ 273,040

Annual maturities of outstanding debt are as follows:

Year Ending June 30:	
2012	\$ 28,990
2013	27,074
2014	3,000
	\$ 59,064

Note 7. Line of Credit

The Center has a revolving line of credit agreement with a bank under which it may borrow up to \$250,000. The agreement expires November 10, 2011. There were no amounts outstanding under this agreement at June 30, 2011.

Note 8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	2011	2010
Accounts Payable	\$ 78,063	\$ 50,189
Accrued Expenses	38,086	41,693
Accrued Health Insurance	24,071	61,446
Accrued Vacation	192,082	191,013
Accrued Payroll	128,230	120,331
	\$ 460,532	\$ 464,672

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Notes to Financial Statements

Note 9. Self-Insured Health Insurance Plan

The Center maintains a self-insured health insurance program whereby a per-employee fee is paid to a processing company that handles the payment of the Center's health insurance claims. Claims are limited to an annual cost of \$40,000 per employee and an aggregate stop loss of 125% of expected plan costs. The Center has purchased excess loss coverage insurance in order to limit its exposure.

Cumulative amounts estimated to be payable by the Center with respect to pending and potential claims for all years which the Center is liable under its self-insurance retention have been accrued as liabilities. Such accrued liabilities are based on estimates; thus, the Center's ultimate liability may exceed or be less than the amounts accrued. The methods of making such estimates and establishing the accrued liabilities are reviewed annually and any adjustments resulting are reflected in current earnings. The estimated liability at June 30, 2011 and 2010 was \$24,071 and \$61,446, respectively.

Note 10. Pension Plan

The Center has adopted a 403(b) Thrift Plan (Plan). For the year ended June 30, 2010, the Center temporarily suspended contributions to the Plan. Employees could contribute even if they are not eligible for the employer contribution. For the year ended June 30, 2011, a 2% employer contribution for those employees meeting the eligibility requirements was made by the Center. Pension expense totaled \$29,681 and \$0 for the years ended June 30, 2011 and 2010, respectively.

Note 11. Leases

The Center has various vehicles, facility and office equipment leased under noncancelable operating leases with terms ranging from one to five years.

The Center entered into a lease agreement for a building in East Moline to provide outpatient services beginning July 7, 2010. The two-year lease expires July 7, 2012 with lease payments of \$3,600 per month. The lease has an option to purchase the building at the end of the lease term.

Future minimum lease payments at June 30, 2011, are as follows:

Year Ending June 30:	
2012	\$ 71,908
2013	18,551
2014	<u>7,230</u>
	<u>\$ 97,689</u>

Note 12. 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% and 53% of the public support and revenue for the Center for the years ended June 30, 2011 and 2010, respectively.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Notes to Financial Statements

Note 13. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted by time or other events specified by donors. The following net assets were released from restriction during the year ending June 30, 2011 and 2010, or retained as temporarily restricted net assets at June 30, 2011 and 2010:

	2011	2010
Temporarily Restricted Net Assets Retained:		
United Way of the Quad Cities - Fiscal		
Year 2011 and 2010 allocation	\$ <u>81,339</u>	\$ <u>84,063</u>
 Net Assets Released from Restrictions:		
United Way of the Quad Cities - Fiscal		
Year 2010 and 2009 allocation	\$ <u>84,063</u>	\$ <u>88,958</u>

Note 14. Net Assets Designated for Capital Improvements

The Center has designated \$1,762,391 for future capital improvements as of June 30, 2011. Planned improvements include technology and building upgrades.

Note 15. Related Party Transactions

The Center has a contract with a Healthcare System to provide from, time to time, substance abuse services including evaluating and referring individuals with alcohol and drug problems. Several Board members of the Center are employees of the Healthcare System. The Center receives revenue through a contractor agreement ending October 31, 2011 with an additional one year term. For the years ended June 30, 2011 and 2010 the Center recognized revenue of \$61,506 and \$305,928, respectively.

For the years ended June 30, 2011 and 2010 the Center paid the Healthcare System for psychiatric services of \$453 and \$3,624, respectively.

SUPPLEMENTARY INFORMATION

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Schedule of Functional Expenses - Outpatient Programs
Year Ended June 30, 2011
See Auditor's Report

	Davenport Outpatient	Rock Island Outpatient/ Methadone	East Moline Outpatient	Genesis	Adolescent Treatment	Jail Based	Criminal Justice	Total
Salaries	\$ 575,560	\$ 513,659	\$ 218,920	\$ 37,459	\$ 177,896	\$ 206,876	\$ 176,704	\$ 1,907,074
Worker's Compensation	4,134	3,241	1,504	813	831	1,339	584	12,446
Employee Benefits:								
Health Insurance	44,433	36,324	19,464	4,055	12,519	17,368	13,388	147,551
Retirement	2,330	2,366	129	585	669	1,231	1,970	9,280
Other	477	154	94	-	160	194	-	1,079
Payroll Taxes:								
Social Security	40,570	37,154	15,568	3,179	12,850	14,858	12,800	136,979
Unemployment	-	2,059	2,059	-	486	-	-	4,604
Professional Fees:								
Laboratory/Urinalysis	14,821	23,324	2,961	-	1,254	-	-	42,360
Contract Services	9,206	17,375	3,254	-	3,025	3,066	453	36,379
Medical Consultants	-	24,223	-	-	1,340	453	-	26,016
Supplies:								
Office, Outside Printing	10,623	7,695	5,910	1,181	3,755	2,818	401	32,383
Medical	496	32,638	104	-	36	-	-	33,274
Education, Recreation and Crafts	-	-	-	-	189	-	-	189
Food and Beverage	2,195	827	758	-	80	-	416	4,276
Housekeeping and Laundry	2,704	1,370	584	-	391	7	-	5,056
Telephone	6,923	12,104	6,413	-	3,277	1,653	2,461	32,831
Postage and Shipping	6,379	1,429	397	-	135	10	-	8,350
Advertising/Social Marketing	54	1,068	-	-	-	-	-	1,122
Occupancy:								
Rent	-	-	43,200	-	-	-	-	43,200
Utilities	9,176	11,698	8,029	-	2,805	-	-	31,708
Maintenance	7,983	10,857	10,034	-	3,509	1,277	-	33,660
Insurance	1,804	1,321	37	-	746	38	-	3,946
Transportation:								
Mileage	2,388	4,233	1,485	-	14	1,876	3,116	13,112
Vehicle Costs	7,350	717	-	-	1,062	53	-	9,182
Auto Insurance	1,035	507	505	-	344	-	-	2,391
Conferences and Training	2,841	11,828	33	102	28	788	614	16,234
Subscriptions and References	9,824	3,265	1,032	-	87	4,569	20	18,797
Special Assistance	39,938	127	(60)	-	-	-	-	40,005
General Liability Insurance	2,242	1,670	67	-	973	68	-	5,020
Recruiting	270	211	213	-	19	98	-	811
Equipment Rental	6,560	4,845	-	-	1,714	72	-	13,191
Interest	-	-	-	-	4,770	-	-	4,770
Subcontracts	-	-	-	-	-	-	-	-
Depreciation	14,624	26,143	962	-	23,046	-	-	64,775
Total	\$ 826,940	\$ 794,432	\$ 343,656	\$ 47,374	\$ 258,010	\$ 258,712	\$ 212,927	\$ 2,742,051

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Schedule of Functional Expenses - Residential Programs
For the Year Ended June 30, 2011
See Auditor's Report

	<u>S.T.A.R.T.</u>	<u>Adult Halfway House</u>	<u>Total</u>
Salaries	\$ 562,690	\$ 314,083	\$ 876,773
Worker's Compensation	3,511	1,950	5,461
Employee Benefits:			
Health Insurance	43,627	25,131	68,758
Retirement	4,123	849	4,972
Other	282	195	477
Payroll Taxes:			
Social Security	40,157	22,882	63,039
Unemployment	1,074	1,073	2,147
Professional Fees:			
Laboratory/Urinalysis	3,026	2,367	5,393
Contract Services	8,341	5,461	13,802
Medical Consultants	45,907	2,653	48,560
Supplies:			
Office, Outside Printing	6,284	4,317	10,601
Medical	7,546	4,740	12,286
Food and Beverage	45,401	28,072	73,473
Housekeeping and Laundry	7,921	5,043	12,964
Telephone	5,492	3,515	9,007
Occupancy:			
Utilities	13,456	8,573	22,029
Maintenance	19,101	11,822	30,923
Insurance	2,360	1,408	3,768
Transportation:			
Mileage	547	333	880
Vehicle Costs	9,936	9,054	18,990
Auto Insurance	1,432	881	2,313
Conferences and Training	102	59	161
Subscriptions and References	411	247	658
Special Assistance	1,133	744	1,877
General Liability Insurance	3,005	1,861	4,866
Recruiting	378	240	618
Equipment Rental	1,976	1,234	3,210
Depreciation	<u>27,802</u>	<u>17,986</u>	<u>45,788</u>
Total	<u>\$ 867,021</u>	<u>\$ 476,773</u>	<u>\$ 1,343,794</u>

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Schedule of Revenue and Expenses by Contract
Iowa Department of Public Health - Division of Substance Abuse Contracts
Year Ended June 30, 2011
See Auditor's Report

	Total	Comprehensive Prevention Contract # 588 1 CP11	Culturally Competent # 588 1 CP40	Iowa Plan	Special Populations	Methadone Treatment Contract # 588 1 MT02
Revenue:						
IDPH - Contractual	\$ 2,381,073	\$ 157,570	\$ 22,500	\$ 1,776,961	\$ 303,646	\$ 120,396
Expenses:						
Salaries and Benefits	1,739,957	155,570	20,576	1,309,412	183,035	71,364
Professional Fees:						
Laboratory/Urinalysis	21,565	-	-	16,050	2,717	2,798
Building and Improvements	20,813	-	-	18,729	-	2,084
Consultants	52,014	2,000	-	34,916	2,986	12,112
Supplies:						
Office, Outside Printing	20,164	-	-	17,541	1,700	923
Building	-	-	-	-	-	-
Medical	26,263	-	-	9,767	177	16,319
Education, Recreation and Crafts	107	-	-	107	-	-
Food and Beverage	58,956	-	-	57,830	1,027	99
Housekeeping and Laundry	12,629	-	-	12,026	439	164
Telephone	17,129	-	-	13,567	2,110	1,452
Postage and Shipping	5,124	-	-	4,243	710	171
Advertising/Social Marketing	285	-	-	150	7	128
Occupancy:						
Utilities	28,205	-	-	25,564	1,238	1,403
Maintenance	34,444	-	-	31,816	1,326	1,302
Insurance	4,981	-	-	4,583	240	158
Transportation:						
Mileage	4,000	-	-	1,259	2,233	508
Vehicle Costs	23,167	-	-	15,852	7,229	86
Auto Insurance	3,135	-	-	2,039	1,035	61
Conferences and Training	5,447	-	-	2,012	2,016	1,419
Subscriptions and References	8,414	-	-	7,477	545	392
Special Assistance	41,425	-	-	1,472	39,938	15
General Liability Insurance	6,371	-	-	5,879	292	200
Recruiting	737	-	-	688	24	25
Equipment Rental	9,430	-	-	8,083	766	581
Interest	2,704	-	-	2,704	-	-
Depreciation	65,570	-	-	60,269	2,165	3,136
Subcontracts	-	-	-	-	-	-
Indirect Expenses:						
Salaries and Benefits	110,521	-	1,924	83,202	25,396	-
Total Expenses	<u>2,323,557</u>	<u>157,570</u>	<u>22,500</u>	<u>1,747,237</u>	<u>279,351</u>	<u>116,900</u>
Revenues Over (Under) Expenses	<u>\$ 57,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,724</u>	<u>\$ 24,296</u>	<u>\$ 3,497</u>

SINGLE AUDIT SECTION

**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**

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

We have audited the financial statements of Center for Alcohol & Drug Services, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated October 7, 2011. 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

Management of Center for Alcohol & Drug Services, Inc. is responsible for establishing and maintaining effective 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 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 Center for Alcohol & Drug Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Center for Alcohol & Drug Services, Inc.'s internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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.

We noted certain matters that we reported to management of Center for Alcohol & Drug Services, Inc. in a separate letter dated October 7, 2011.

This report is intended solely for the information and use of management, the Board of Directors, others within the Center 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.

October 7, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 auditing standards generally accepted in the United States of America; 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, 2011.

Internal Control Over Compliance

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Center for Alcohol & Drug Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the Center 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.

October 7, 2011

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011
See Auditor's Report

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Pass-Through Illinois Department of Human Services:			
Office of Alcoholism and Substance Abuse			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	40CL001093	\$ <u>336,383</u>
Pass-Through Iowa Department of Public Health:			
Substance Abuse Prevention Treatment Block Grant			
Comprehensive Prevention	93.959	588 1 CP11	154,039
Methadone Treatment	93.959	588 1 MT02	120,396
Iowa Managed Substance Abuse Care Plan	93.959		589,951
Special Populations	93.959		134,366
Sub-Total Iowa Department of Public Health			<u>998,752</u>
Pass-Through Iowa Department of Public Health:			
Substance Abuse and Mental Health Services - Access to Recovery	93.275		56,919
Substance Abuse and Mental Health Services - Access to Recovery	93.275	588 1 AC12	24,569
Sub-Total Iowa Department of Public Health			<u>81,488</u>
Pass-Through Iowa Judicial Branch:			
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087		<u>66,647</u>
Total U.S. Department of Health and Human Services			<u>1,483,270</u>
<u>U.S. Department of Education</u>			
Pass-Through Iowa Department of Public Health:			
Safe and Drug-Free Schools and Communities: Governors' Grants	84.186B	588 1 DV03	<u>34,746</u>
<u>U.S. Department of Justice</u>			
Pass-Through Iowa Department of Public Health:			
Congressionally Recommended Awards			
Jail Based Substance Abuse Treatment Project	16.753	588 0 JT01	11,863
Jail Based Substance Abuse Treatment Project	16.753	588 1 JT01	136,189
Total U.S. Department of Justice			<u>148,052</u>
Total Federal Awards			\$ <u>1,666,068</u>
	Total CFDA 93.959 (Major Program)		\$ 1,335,135
	Total CFDA 16.753		148,052
	Total CFDA 84.186B		34,746
	Total CFDA 93.275		81,488
	Total CFDA 93.087		<u>66,647</u>
Total Federal Awards by Federal CFDA Number			\$ <u>1,666,068</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of 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." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Subrecipients: None.

Non-Cash Assistance: None.

Federal Insurance: None.

Loans and Loan Guarantees: None.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.959	U.S. Department of Health and Human Services Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as a low-risk auditee? Yes No

II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

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

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of Center for Alcohol & Drug Services, Inc. for the year ended June 30, 2011. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the Organization's practices and procedures.

Bank Reconciliation

We noted several outstanding checks on the bank reconciliations that are six months or older at June 30, 2011.

To simplify the monthly reconciliation process and to ensure compliance with the state's escheat laws governing abandoned property, we recommend that the Center reissue new checks if the individuals can be contacted or found. If not, we recommend the Center review the state escheat laws and requirements to remit unclaimed assets.

This communication is intended solely for the information and use of management, the board members, and others within the Center, and is not intended to be and should not be used by anyone other than these specified parties.

Doyle & Keenan, P.C.

October 7, 2011