

**Alcohol and Drug Abuse Council for  
South Louisiana**

Financial Statements  
and Independent Auditor's Report  
June 30, 2012

**Alcohol and Drug Abuse Council for South Louisiana**

Financial Statements and Independent Auditor's Report  
As of and for the Year Ended  
June 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Alcohol and Drug Abuse Council  
for South Louisiana  
Houma, Louisiana

We have audited the accompanying statement of financial position of Alcohol and Drug Abuse Council for South Louisiana (a nonprofit organization) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year 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 audit.

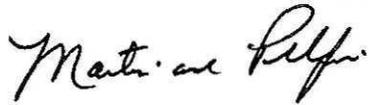
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alcohol and Drug Abuse Council for South Louisiana as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012 on our consideration of Alcohol and Drug Abuse Council for South Louisiana'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

Board of Directors  
Alcohol and Drug Abuse Council  
for South Louisiana

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.

A handwritten signature in black ink, appearing to read "Matthew Kelly". The signature is written in a cursive style with a large initial "M".

December 14, 2012

**FINANCIAL STATEMENTS**

**Alcohol and Drug Abuse Council for South Louisiana**

Statement of Financial Position  
June 30, 2012

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 19,814
Accounts receivable	11,110
Unconditional promises to give:	
Governmental grants	26,532
Corporate	27,143
Prepaid expenses	<u>4,151</u>

**TOTAL CURRENT ASSETS** 88,750

Property and equipment, net of accumulated depreciation of \$36,941	<u>22,833</u>
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**TOTAL ASSETS** \$ 111,583

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	\$ 13,998
Payroll taxes payable	1,950
Current maturities of capital lease obligation	<u>4,140</u>

**TOTAL CURRENT LIABILITIES** 20,088

Capital lease obligation, net of current maturities	<u>6,901</u>
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**TOTAL LIABILITIES** 26,989

Net Assets:

Unrestricted	57,451
Temporarily restricted	<u>27,143</u>

**TOTAL NET ASSETS** 84,594

**TOTAL LIABILITIES AND NET ASSETS** \$ 111,583

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

Alcohol and Drug Abuse Council for South Louisiana

Statement of Activities  
Year Ended June 30, 2012

**UNRESTRICTED NET ASSETS**

**SUPPORT AND RECLASSIFICATIONS**

Support

Governmental grants	\$194,367
Program service fees	40,005
Contributions	23,573
In-Kind donation	4,800
Miscellaneous	489
Interest income	57

**TOTAL UNRESTRICTED SUPPORT** 263,291

Reclassifications

United Way Services funding for the year released from restriction	<u>37,363</u>
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**TOTAL UNRESTRICTED SUPPORT AND  
RECLASSIFICATIONS** 300,654

**EXPENSES**

Program services	211,804
Management and general	49,940
Fundraising	<u>6,320</u>

**TOTAL EXPENSES** 268,064

**INCREASE IN UNRESTRICTED NET ASSETS** 32,590

**TEMPORARILY RESTRICTED NET ASSETS**

United Way Services grant	40,000
Net assets released from restrictions: Expiration of time restrictions on United Way Services funding	<u>(37,363)</u>

**INCREASE IN TEMPORARILY RESTRICTED  
NET ASSETS** 2,637

**CHANGE IN NET ASSETS** 35,227

**NET ASSETS AT BEGINNING OF YEAR** 49,367

**NET ASSETS AT END OF YEAR** \$ 84,594

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

**Alcohol and Drug Abuse Council for South Louisiana**

Statement of Functional Expenses  
Year Ended June 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 66,110	\$ 22,037	\$ -	\$ 88,147
Contract counselors and services	55,667	-	-	55,667
Rent	18,675	6,225	-	24,900
Accounting	16,187	5,395	-	21,582
Program supplies	20,312	-	-	20,312
Insurance	5,794	1,931	-	7,725
Repairs and maintenance	5,482	1,827	-	7,309
Payroll taxes	5,057	1,686	-	6,743
Fundraising	-	-	6,320	6,320
Telephone	4,720	1,573	-	6,293
Utilities	4,112	1,371	-	5,483
Office supplies	3,645	1,215	-	4,860
Travel	2,278	760	-	3,038
Dues and subscriptions	1,097	366	-	1,463
Postage	1,052	351	-	1,403
Donations	600	200	-	800
Professional fees	412	138	-	550
Interest	-	548	-	548
Evaluations	540	-	-	540
Advertising	-	242	-	242
Bank charges	-	76	-	76
Conferences and conventions	38	12	-	50
Other expenses	22	8	-	30
Taxes	4	1	-	5
Total expenses before depreciation	<u>211,804</u>	<u>45,962</u>	<u>6,320</u>	<u>264,086</u>
Depreciation	-	3,978	-	3,978
Total expenses	<u>\$ 211,804</u>	<u>\$ 49,940</u>	<u>\$ 6,320</u>	<u>\$ 268,064</u>

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

Alcohol and Drug Abuse Council for South Louisiana

Statement of Cash Flows  
Year Ended June 30, 2012

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 35,227
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,978
(Increase)/decrease in operating assets:	
Accounts receivable	(11,110)
Unconditional promises to give	(22,433)
Prepaid expenses	(274)
Deposits	1,105
Increase/(decrease) in operating liabilities:	
Accounts payable	1,404
Payroll taxes payable	(502)
	<u>7,395</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>7,395</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>	
Purchases of equipment	<u>(12,884)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Net payments on line of credit	(9,000)
Proceeds from capital lease	12,496
Principal payments on capital lease obligation	<u>(6,554)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(3,058)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(8,547)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>28,361</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 19,814</u>
<b>SUPPLEMENTAL INFORMATION:</b>	
Cash paid during the year for interest	<u>\$ 548</u>

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

# Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2012

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. NATURE OF THE ORGANIZATION

Alcohol and Drug Abuse Council for South Louisiana (ADAC), a not-for-profit, voluntary health and welfare agency based in Houma, Louisiana, focuses on the education and prevention of alcohol and other drug dependence in Terrebonne and Lafourche parishes, particularly as they affect children and adolescents.

### B. BASIS OF PRESENTATION

The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

### C. NET ASSETS

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ADAC and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by action of ADAC and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by ADAC. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

### D. BAD DEBTS

The financial statements of ADAC contain no allowance for uncollectible promises to give. Uncollectible accounts are recognized as an expense at the time information becomes available that indicates the amounts are uncollectible. While generally accepted accounting principles require that bad debts be recorded utilizing the allowance method, the difference between the two methods is immaterial to the Organization as management considers all promises to give to be fully collectible.

**Alcohol and Drug Abuse Council for South Louisiana**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**E. PROPERTY AND EQUIPMENT**

Property and equipment is stated at cost. Depreciation is computed utilizing the straight line method over estimated useful lives of five to seven years. Property and equipment acquisitions are capitalized if the purchase price exceeds \$200 and the asset has a useful life of greater than one year.

**F. FUNCTIONAL ALLOCATION OF EXPENSES**

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

**G. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**H. CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, ADAC considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**I. INCOME TAXES**

ADAC is a not-for-profit, voluntary health and welfare agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

**J. ADVERTISING**

Advertising costs are expensed as incurred and are included in functional expenses. Advertising expenses totaled \$242 during the year ended June 30, 2012.

**Alcohol and Drug Abuse Council for South Louisiana**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2012

**NOTE 2 – FUNDING POLICIES**

ADAC receives funding on a reimbursement for actual expense basis from:

- 1) Louisiana State Department of Health and Hospitals/Office for Addictive Disorders as pass through agent for federal funding from the United States Department of Health and Human Services;
- 2) Louisiana State Department of Health and Hospitals/Office of the Secretary as pass through agent for federal funding under the Tobacco Control Program; and
- 3) South Central Planning and Development Commission as pass through agent for the Louisiana Highway Safety Commission – Occupant Protection Enforcement Campaign.

ADAC receives local funding from the United Way for South Louisiana. These monies are received by ADAC in monthly installments.

**NOTE 3 – PROMISES TO GIVE**

Unconditional promises to give consist of the following:

Governmental

State of Louisiana Department of Health and Hospitals:

Office for Addictive Disorders	\$ 22,670
Tobacco Control Program	3,862
	<hr/> 26,532

Corporate

United Way for South Louisiana

	27,143
	<hr/> \$ 53,675

All unconditional promises to give are due within one year and are considered to be fully collectible by management.

The amount due from United Way for South Louisiana represents the Organization's allocation for the remainder of calendar year 2012.

## Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2012

### NOTE 3 – PROMISES TO GIVE (Cont.)

The unconditional promise to give from the United Way for South Louisiana is temporarily restricted as to the passage of time. All other unconditional promises to give are unrestricted.

### NOTE 4 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	Balance July 1, 2011	Additions	Dispositions	Balance June 30, 2012
Furniture and fixtures	\$ 29,874	\$ 12,884	\$ -	\$ 42,758
Library items	8,837	-	-	8,837
Leasehold improvements	8,179	-	-	8,179
	46,890	12,884	-	59,774
Accumulated depreciation	(32,963)	(3,978)	-	(36,941)
	<u>\$ 13,927</u>	<u>\$ 8,906</u>	<u>\$ -</u>	<u>\$ 22,833</u>

### NOTE 5 – CONCENTRATION OF CREDIT RISK

The Organization maintains two bank accounts at a single institution which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution did not exceed federally insured limits at any point during the year ended June 30, 2012.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give due from the State of Louisiana Department of Health and Hospitals and the United Way for South Louisiana. Because these receivables are passed through support from the federal or state governments or local donors, the Organization requires no collateral for these amounts.

# Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2012

## **NOTE 6 – FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, accounts receivable, unconditional promises to give, accounts payable, line of credit, and capital lease obligation. Management estimates that the fair value of all financial instruments as of June 30, 2012 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

## **NOTE 7 – RESTRICTIONS ON NET ASSETS**

The restrictions on net assets as of June 30, 2012 relate to the United Way for South Louisiana grant which is restricted until the passage of time.

## **NOTE 8 – GOVERNMENTAL AND OTHER GRANTS**

During the year ended June 30, 2012, the Organization received unconditional promises to give in the form of grants from the following grantors:

### Government Grants

State of Louisiana/Department of Health and Hospitals/ Office for Addictive Disorders	\$132,620
State of Louisiana/Department of Health and Hospitals/ Office of the Secretary/Tobacco Control Program	49,869
Louisiana Highway Safety Commission-Occupant Protection Enforcement Campaign/SCPDC/ Child Passenger Safety Grant (See Note 12)	6,000
Louisiana Highway Safety Commission-Occupant Protection Enforcement Campaign/South Central Planning & Development Commission/Get in the Zone-Don't Drink & Drive	4,378
Louisiana Highway Safety Commission-Occupant Protection Enforcement Campaign/South Central Planning & Development Commission/Get in the Zone-Alcohol, Tobacco & Drug Free Zone	<u>1,500</u>
Total government grants	<u><u>\$194,367</u></u>

### Other Grant

United Way for South Louisiana Grant	<u><u>\$40,000</u></u>
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Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2012

**NOTE 9 – OPERATING LEASE**

The Organization entered into a lease beginning September 2010 for the building from which it performs its administrative and program functions. The lease with an unrelated third party is on a month-to-month basis and requires monthly payments of \$1,600. Rental payments during the year totaled \$19,200. The Organization also recognized \$4,800 of in-kind income and rent expense, as the building is being leased at an amount less than the prevailing market rate.

**NOTE 10 – CAPITAL LEASE OBLIGATION**

On March 5, 2012, the Organization entered into a three year capital lease agreement with a third party for the purchase of office equipment. Monthly payments of \$345, including taxes, are due with the final payment due on February 5, 2015.

The amount of office equipment in the balance sheet recorded under this capital lease is \$11,836.

Total capital lease obligation	\$	11,041
Less current portion		<u>(4,140)</u>
Capital lease obligation, net of current maturities	\$	<u>6,901</u>

Aggregate maturities of the capital lease obligation for the years subsequent to June 30, 2012 are as follows:

<u>June 30,</u>		
2013	\$	4,140
2014		4,140
2015		<u>2,761</u>
	\$	<u>11,041</u>

**NOTE 11 – LINE OF CREDIT**

The Organization has entered into a line of credit agreement with a bank to aid in cash flow management. This agreement, which is unsecured and has a borrowing limit of \$10,000, accrues interest on unpaid balances equal to the bank's prime lending rate plus two percentage points (5.25% at June 30, 2012). The Organization does not have a balance due under the agreement as of June 30, 2012.

**Alcohol and Drug Abuse Council for South Louisiana**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2012

**NOTE 12 – CHILD PASSENGER SAFETY GRANT**

The Organization acts as administrator on behalf of the Child Passenger Safety Grant program which is sponsored by the Louisiana Highway Safety Commission – Occupant Protection Enforcement Campaign and funded through the South Central Planning and Development Commission (SCPDC). Car seats are purchased by the Organization and distributed regionally to various “fitting” stations. The Organization is then reimbursed for the costs of the car seats by SCPDC. A total of \$6,000 was received in grant proceeds this year.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through December 14, 2012, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**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  
Alcohol and Drug Abuse Council  
for South Louisiana  
Houma, Louisiana

We have audited the financial statements of Alcohol and Drug Abuse Council for South Louisiana as of and for the year ended June 30, 2012 and have issued our report thereon dated December 14, 2012. 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 Alcohol and Drug Abuse Council for South Louisiana is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Alcohol and Drug Abuse Council for South Louisiana'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 Alcohol and Drug Abuse Council for South Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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

Board of Directors  
Alcohol and Drug Abuse Council  
for South Louisiana

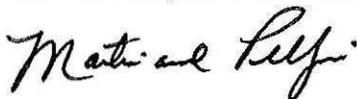
control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 12-01 to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alcohol and Drug Abuse Council for South Louisiana'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*.

Alcohol and Drug Abuse Council's response to the finding in our audit is described in the accompanying schedule of findings and responses. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, the Louisiana Legislative Auditor, awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



December 14, 2012

**OTHER INFORMATION**

# Alcohol and Drug Abuse Council for South Louisiana

## Schedule of Findings and Responses As of and For the Year Ended June 30, 2012

### **Section I – Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of ADAC.
2. One significant deficiency (see finding 12-01) was noted during the audit of the financial statements. This significant deficiency was not considered to be a material weakness.
3. No instances of noncompliance or other matters material to the financial statements of ADAC which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued.

### **Section II – Financial Statement Findings**

No findings material to the financial statements of ADAC were noted during the audit.

### **Section III – Internal Control Findings**

#### 12-01

Statement of Condition: A significant deficiency in the Organization's internal control.

Criteria: In our consideration of internal control, we noted that the size of Alcohol and Drug Abuse Council for South Louisiana's operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of Alcohol and Drug Abuse Council for South Louisiana and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

**Alcohol and Drug Abuse Council for South Louisiana**

Schedule of Findings and Responses  
As of and For the Year Ended  
June 30, 2012

Recommendation: The Board of Directors of Alcohol and Drug Abuse Council for South Louisiana should closely monitor the activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost-beneficial to employ an adequate system of internal controls.

Response: The management of Alcohol and Drug Abuse Council for South Louisiana agrees with this finding.

Questioned Costs: \$ -0-

**Section IV – Federal Award Findings and Questioned Costs**

This section is not applicable.

**Alcohol and Drug Abuse Council for South Louisiana**

Management's Corrective Action Plan for  
Current Year Findings  
As of and For the Year Ended  
June 30, 2012

The contact person for all corrective actions noted below is Ms. Alicia Toups, Executive Director.

**Section I – Internal Control and Compliance Material to the Financial Statements**

Inadequate Internal Control

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of Alcohol and Drug Abuse Council for South Louisiana should closely monitor the activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal controls.

Planned Action: The Board of Directors will closely monitor the activities of the Organization until it is financially feasible to employ additional staff.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.

## **Alcohol and Drug Abuse Council for South Louisiana**

### **Schedule of Prior Findings and Resolution Matters As of and For the Year Ended June 30, 2012**

Note: All prior findings relate to the June 30, 2011 audit engagement.

#### **Section I – Internal Control and Compliance Material to the Financial Statements**

##### **Inadequate Internal Control**

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of Alcohol and Drug Abuse Council for South Louisiana should closely monitor the day-to-day activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal controls.

Planned Action: The Board of Directors will closely monitor the day-to-day activities of the Organization until it is financially feasible to employ additional staff.

Status: The Organization has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

#### **Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

#### **Section III – Management Letter**

This section is not applicable.