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**Independent Auditor's Report on the Internal Control Structure
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc. (a nonprofit organization) as of and for the year ended December 31, 1998, and have issued my report thereon dated June 6, 1999.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provision of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Jeff Davis Chemical Health, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operations, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be a material weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted a matter involving the internal control structure and its operations that I considered to be a material weakness as defined

Finding:	Improper segregation of duties
Cause:	Chemical Health, Inc., has a very limited number of personnel, therefore, the duties cannot be segregated as required by sound internal control standards.
Effect:	The possibility of errors occurring and not being detected on a timely basis is increased.

Management's response: It is not economically feasible to hire additional staff.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record, and its distribution is not limited.

Robert O. Escobar

June 6, 1997

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**Independent Auditor's Report on Compliance Based on an Audit of
Financial Statements Performed in Accordance With Government Auditing
Standards—No Material Instances of Noncompliance**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1999, and have issued my report thereon dated June 8, 1997.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provision of Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Jeff Davis Chemical Health, Inc., is the responsibility of the Chemical Health's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Jeff Davis Chemical Health, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record and its distribution is not limited.



June 8, 1997

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**Independent Auditor's Report on the Internal Control Structure
Used in Administering Federal Financial Assistance Programs**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1996, and have issued my report thereon dated June 8, 1997. I have also audited the Jeff Davis Chemical Health, Inc.'s compliance with requirements applicable to non-major federal financial assistance programs and have issued my report thereon dated June 8, 1997.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether the Jeff Davis Chemical Health, Inc., has complied with laws and regulations, noncompliance with which would be material to a non-major federal financial assistance program.

In planning and performing my audit for the year ended December 31, 1996, I considered the Chemical Health's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements of the Jeff Davis Chemical Health, Inc., and its compliance with requirements applicable to non-major programs; and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the financial statements in a separate report dated June 8, 1997.

The management of the Jeff Davis Chemical Health, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of non-compliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- General accounting system
- Receipts and revenue
- Acquisition and payments

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended December 31, 1998, the Organization expended 100% of its total federal financial assistance under non-major federal financial assistance programs.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of Chemical Health's non-major Federal Financial Assistance Programs which are identified in the accompanying Schedule of Federal Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards

established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that non-compliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted a matter involving the internal control structure and its operations that I considered to be a material weakness as defined above.

Finding:	Improper segregation of duties
Cause:	Chemical Health, Inc., has a very limited number of personnel, therefore, the duties cannot be segregated as required by sound internal control standards.
Effect:	The possibility of errors occurring and not being detected on a timely basis is increased.
Management's response:	It is not economically feasible to hire additional staff.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record, and its distribution is not limited.

Robert O. Eubank

June 8, 1997

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**Independent Auditor's Report on Compliance With the General
Requirements Applicable to Federal Financial Assistance Programs**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1996, and have issued my report thereon dated June 5, 1997.

I have applied procedures to test the Jeff Davis Chemical Health, Inc.'s compliance with the following requirement applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 1996: Political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act and administrative requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion of the Chemical Health's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of non-compliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Chemical Health had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record and its distribution is not limited.


June 5, 1997

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**Independent Auditor's Report on Supplementary
Schedule of Federal Financial Assistance**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1996, and have issued my report thereon dated June 6, 1997. These financial statements are the responsibility of Chemical Health's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provision of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the financial statements of the Jeff Davis Chemical Health, Inc. taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

GLEEN O. EVERHART

June 6, 1997

JEFF DAVIS CHEMICAL HEALTH, INC.
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
December 31, 1999

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Drug Free Schools and Communities	64.169A	\$ 25,104

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**Independent Auditor's Report on Compliance With Specific
Requirements Applicable to Non-major Financial Assistance
Program Transactions**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1996, and have issued my report thereon dated June 8, 1997.

In connection with my audit of the 1996 financial statements of the Jeff Davis Chemical Health, Inc., and with my consideration of Chemical Health's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," I selected certain transactions applicable to certain non-major federal financial assistance programs for the year ended December 31, 1996. As required by OMB Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; and reimbursements; and amounts claimed or used for matching that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Chemical Health's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirement listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Jeff Davis Chemical Health, Inc. had not complied, in all material respects, with these requirements.

This report is intended for the information of the Board Members, and Management. However this report is a matter of public record and its distribution is not limited.

Glenn O. Everhart

June 8, 1997

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remove from the
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back in file

JEFF DAVIS CHEMICAL HEALTH, INC.
(a non-profit Corporation)
JENNINGS, LOUISIANA
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 1990

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Printed Date: JUN 30 1991

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JEFF DAVIS CHEMICAL HEALTH, INC.
JENNINGS, LOUISIANA
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Independent Auditor's Report

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the accompanying statement of financial position, statement of activities, and the statement of cash flows of the Jeff Davis Chemical Health, Inc. (a nonprofit organization) as of and for the year ended December 31, 1998. These financial statements are the responsibility of Chemical Health's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provision of Office of Management and Budget, Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jeff Davis Chemical Health, Inc. as of December 31, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed at the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Jeff Davis Chemical Health, Inc.. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my

Board of Directors
Page 2

opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued two reports dated June 6, 1997, on my consideration of Jeff Davis Chemical Health's internal control structure and four reports dated June 5, 1997 on their compliance with laws and regulations.

W. O. Hendon

June 6, 1997

JEFF DAVIS CHEMICAL HEALTH, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 1998

	1998
Assets	
Current Assets	
Cash and cash equivalents	\$ 7,478
Accounts receivable	17,425
Total current assets	24,901
Noncurrent assets	
Office equipment	33,322
Less: Accumulated depreciation	(19,482)
Total noncurrent assets	13,839
Total Assets	\$ 38,731
Liabilities and Net Assets	
Current Liabilities	
Accounts payable and accrued expenses	\$ 7,657
Net assets	
Unrestricted	28,749
Temporarily restricted	(11,685)
Permanently restricted	13,839
Total net assets	30,894
Total liabilities and net assets	\$ 38,731

The accompanying notes are an integral part of these statements.

JEFF DAVIS CHEMICAL HEALTH, INC.
STATEMENT OF ACTIVITIES
December 31, 1993

Changes in Unrestricted Net Assets	1993
Revenues	
Contributions	\$ 600
Contracts	171,068
Grants	488
Total unrestricted revenues	172,156
Expenses	
Program expenses	169,199
Total expenses	169,199
Increase in unrestricted net assets	2,957
Changes in Temporarily Restricted Net Assets	
Revenues	
Contributions	3,005
Grants	3,050
United Way	12,500
Interest income	71
Total temporarily restricted revenues	18,626
Expenses	
Supporting services	20,593
Total expenses	20,593
Increase in temporarily restricted net assets	-1,967
Changes in Permanently Restricted Net Assets	
Equipment purchases	8,000
Depreciation	(6,457)
Increase in permanently restricted net assets	1,543
Increase in Net Assets	2,533
Net Assets at Beginning of Year	24,268
Net Assets at End of Year	\$ 26,801

The accompanying notes are an integral part of these statements.

JEFF DAVIS CHEMICAL HEALTH, INC.
STATEMENT OF CASH FLOWS
 December 31, 1990

Cash Flows From Operating Activities	1990
Net increase in net assets	\$ 0,499
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	3,457
Increase in grants receivable	(400)
Decrease in accounts payable and accrued expenses	(1,282)
Net cash provided by operating activities	8,236
Cash Flows From Investing Activities	
Purchase of office equipment	(5,000)
Net cash used by investing activities	(5,000)
Cash Flows From Financing Activities	
Proceeds from borrowing	5,000
Payment of loan	(5,000)
Net cash provided by financing activities	0
Net increase in Cash and Cash Equivalents	3,236
Cash and Cash Equivalents at Beginning of Year	4,241
Cash and Cash Equivalents at End of Year	\$ 7,478

The accompanying notes are an integral part of these statements.

JEFF DAVIS CHEMICAL HEALTH, INC.
Jennings, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 1995

Note 1 - Summary of Significant Accounting Policies

Financial Statement Presentation: On June 30, 1995 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 116 and No. 117 with an effective date of December 15, 1994, however, earlier application was encouraged. These statements conform to those two new FASB Statements.

In accordance with FASB Statement 116, contributions are to be recorded at the time the promise is made and the Jeff Davis Chemical Health, Inc., complies with Statement 116.

FASB Statement 117 changes the format for Financial Statements for Non-Profit Organizations and these statements have been prepared to conform to the new FASB Statement 117.

Note 2 - Equipment and Depreciation.

Depreciation is computed using the straight-line method (10%) over the useful lives of the assets. At December 31, 1995 the cost of such assets were:

Equipment	\$ 30,328
Less: Accumulated depreciation	(16,488)
Net	<u>\$ 13,840</u>

Note 3 - Grants Receivable

Grants receivable represent amounts that have been expended for grant purposes and are to be reimbursed in full by the grantor. Consequently, no allowance for uncollectible amounts is necessary.

Note 4 - Pension Plans.

The Chemical Health does not have a pension plan for its employees; however, they do participate in the FICA program.

Notes continued

Note 5 - Compensated Absences.

Chemical Health allows its employees to accrue vacation time not taken. The amount of anticipated expense has been recorded in these.

Note 6 - Off-Balance Sheet Risk.

Chemical Health does not engage in off-balance sheet financing as defined in FASB Statement 105.

Note 7 - Bank Accounts

In accordance with FASB Statement 105, Chemical Health maintains all funds in one bank. These funds are secured by the Federal Deposit Insurance Corporation in the amount of \$100,000. The monetary assets of Chemical Health do not exceed the insured amount.

Note 8 - Tax-Exempt Status

Chemical Health has been granted tax exempt status as a 501(c)(3) organization as defined in the Internal Revenue Service Code.

Note 9 - Donated Services, Materials and Equipment

The value of donated services have not been recorded in these statements in as much as no objective basis is available for the measurement of such services. Donated materials and equipment, if any, is recorded at the fair market value of the asset received, as of the date of gift.

Note 10 - Related Party Transactions

None

Note 11 - Economic Dependency

Chemical Health receives a substantial amount of its support from the Federal and State Governments and United Way. Renewal of these grants are subject to approval from year to year.

Note 12 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets represents funds that are to be used for the accomplishment of the future Chemical Health supported efforts. Permanently restricted net assets represents the undepreciated balance in property and equipment.

Note 13 - Subsequent Events

None

Note 14 - Contingencies

Chemical Health receives intergovernmental grants that are subject to review by state agencies. Consequently, such reviews could result in disallowed expenditures resulting in a reduction of available resources. However, Management believes that such allowances, if any would not significantly impair Chemical Health's ability to continue as a going concern.

Note 15 - Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At year-end and throughout the year, Chemical Health's cash balances were deposited in one bank. Management believes that Chemical Health is not exposed to any significant credit risk on cash and cash equivalents.

Note 16 - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Other Information