



RAYON COUNCIL ON ALCOHOLISM, INC.

DECEMBER 31, 1994

FINANCIAL STATEMENTS

AND

AUDITOR'S REPORT

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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.

Release Date JUL 21 1994

NATIONAL COUNCIL ON ALCOHOLISM, INC.
 FINANCIAL STATEMENTS
 AND AUDITOR'S REPORT
 AND REPORTS ON INTERNAL CONTROLS
 AND OTHER COMPLIANCE REPORTS
 DECEMBER 31, 1994

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Joseph P. Kolue

Certified Public Accountant

A Professional Corporation

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INDEPENDENT AUDITOR'S COMBINED REPORT ON THE BASIC FINANCIAL STATEMENTS AND THE SCHEDULE OF FEDERAL AWARDS

To the Executive Committee of
Bayou Council on Alcoholism, Inc.

I have audited the accompanying statement of financial position of Bayou Council on Alcoholism, Inc. (a non-profit organization) doing business as Bayou Council on Alcoholism and Drug Abuse, as of December 31, 1996, and the related statement of activities, and the statement of cash flows, and the statement of functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Louisiana Governmental Audit Guide, and the provisions 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. 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 the 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 Bayou Council on Alcoholism, Inc. as of December 31, 1996, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note B to the financial statements, in 1996, the organization changed its method of accounting for contributions, and its method of financial reporting and financial statement presentation.

In accordance with Government Auditing Standards, I have also issued a report dated June 20, 1997, on my consideration of Bayou Council on Alcoholism, Inc.'s internal control structure and a report dated June 20, 1997, on its compliance with laws and regulations.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of the Bayou Council on Alcoholism, 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.

Thibodaux, LA
June 10, 1997



Joseph P. Kellie, C.P.A.
(A Professional Corporation)

NAYCO COUNCIL ON ALCOHOLISM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1998

ASSETS

Current Assets:	
Cash	\$13,374
Grants receivable (Note E)	9,205

Total current assets	\$22,579
Fixed Assets:	
Equipment at cost or devalued value less accumulated depreciation of \$7,508 (Note H)	3,194
Merchandise/supplies	1,759

TOTAL ASSETS	\$26,534

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 254
Unearned income (Note I)	949
Program advances (Note J)	5,457

Total Current Liabilities/Total Liabilities	\$ 6,660
Net Assets:	
Unrestricted net assets	19,873

TOTAL LIABILITIES AND NET ASSETS	\$26,534

(THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.)

BAYOU COUNCIL ON ALCOHOLISM, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 1986

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support: (Note B)				
Grants from government agencies	\$ 11,500	\$ 83,108	\$ ---	\$ 94,608
United Way grant	---	38,000	---	38,000
Other contributions	303	260	---	563
Donated services (Note L)	3,734	---	---	3,734
Total support	15,537	121,408	---	136,945
Revenue:				
Alcohol information school	37,200	---	---	37,200
Interest income	306	---	---	306
Membership dues	2,323	---	---	2,323
Miscellaneous	32	---	---	32
Total revenue	39,961	---	---	39,961
Net assets released from restrictions; satisfaction of usage restrictions	118,488	<118,488>	---	---
Total support and revenue	170,848	---	---	170,848
EXPENSES:				
Program services:				
Community awareness	64,302	---	---	64,302
Families in Focus	44,087	---	---	44,087
High Risk Youth	18,760	---	---	18,760
Alcohol information school	33,622	---	---	33,622
Total program services	160,771	---	---	160,771
Management and general	14,049	---	---	14,049
Total expenses	174,820	---	---	174,820
Changes in net assets	< 4,880>	---	---	< 4,880>
Net assets, beginning of year	33,561	---	---	33,561
Net assets, end of year	\$ 28,681	\$ ---	\$ ---	\$ 28,681

(THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.)
(3)

BARCO COUNCIL ON ALCOHOLISM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1996

CASH FLOWS USED FOR OPERATING ACTIVITIES:

change in net assets	\$ 4,888>
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	1,760
Loss on fixed assets depreciation	537
Increase in grant receivable	< 526>
Decrease in prepaid expenses	128
Increase in accounts payable	288
Decrease in other assets	400
Increase in unearned income	440

Net cash used for operating activities	< 3,885>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	< 4,078>

Net cash used by investing activities	< 4,078>

NET DECREASE IN CASH	< 5,865>
CASH - DECEMBER 31, 1995	29,339

CASH - DECEMBER 31, 1996	\$ 17,374

(THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.)

BOARD OF DIRECTORS OF HOORHOLM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 1996

	Community Awareness	Enrollment in Focus	High Risk Youth	ALS	Total Program Services	General and Admin.	Total Expenses
Salaries	\$ 31,831	\$17,810	\$ 9,641	\$ 15,007	\$ 49,555	\$ 2,439	\$ 49,555
Employee health insurance	1,897	869	503	739	4,294	168	1,400
Payroll taxes, etc.	4,820	1,317	874	1,318	8,257	365	8,438
Total salaries and related expenses	45,958	19,996	11,158	17,215	94,100	2,841	94,641
Instructor/Consultant/							
Facilitators	600	18,710	1,799	5,800	25,719	--	15,719
Donated services	--	--	--	--	--	2,736	2,736
Supplies - office	1,901	180	78	182	2,079	797	2,876
Telephone	1,648	1,475	1,183	1,183	5,300	479	8,490
Postage	2,215	113	25	348	2,850	185	3,174
Rest-office space	1,313	1,138	1,488	1,687	4,700	300	5,078
Classroom rent & cleaning	118	--	--	2,844	3,054	--	3,054
Rest-equipment	182	373	118	188	1,851	736	1,788
Travel	1,823	8	--	373	1,803	184	2,087
Printing and publication	2,123	--	--	591	3,744	--	2,744
Security fee	--	--	--	1,587	1,587	--	1,587
Accounting	1,358	1,058	1,058	1,058	4,500	--	4,500
Educational supplies, films, workshops	1,428	183	478	751	3,420	--	3,420
Utilities	888	855	671	671	3,063	943	3,486
Repairs & maintenance	--	--	--	--	--	501	501
Miscellaneous	581	38	--	211	1,238	581	1,420
Other insurance	--	--	--	--	--	1,888	1,888
Buses	1,381	--	--	--	1,381	288	2,353
Direct Costs-High Risk Youth Program	--	--	1,378	--	1,378	--	1,378
Loss on fixed asset disposition	--	--	--	--	--	521	521
Total expenses before depreciation	64,381	44,131	11,764	15,811	91,687	11,289	711,334
Depreciation	--	--	--	--	--	1,768	1,768
Total	\$ 64,381	\$44,131	\$11,764	\$ 15,811	\$116,687	\$14,040	\$715,734

(THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.)

WAYDU COUNCIL ON ALCOHOLISM, INC.
Notes to Financial Statements
Year Ended December 31, 1996

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The Waydu Council on Alcoholism, Inc. (WCOA), (the Council) serves Lafourche Parish and surrounding cities and parishes under the name Bayou Council on Alcoholism and Drug Abuse. It serves this area through several programs. Its Community Awareness Program is an effort to make the general public more aware of and to try to limit the problems and destruction caused by alcohol and other drugs. Through its Families in Focus Program, WCOA provides a family education program to improve communication skills and strengthen families identified as having high risk of possible exposure to the detrimental effects of alcohol and drug abuse. The program consists of weekly seminars for 12 weeks. Also, the Council provides information to schools and presentations to selected grade levels of school children and the general public on alcohol and drugs through its High Risk Youth Program. These programs are funded through a combination of grants from the United Way, grants/ contracts with the State of Louisiana that reimburse qualified agencies, unrestricted grants received from the Lafourche Parish Council, from funds generated by the Council's Alcohol Intervention School (AIS), and membership dues.

Attendees of the AIS school are mostly citizens who have been charged with driving while intoxicated and are referred to the Council's AIS by city and state courts. Funding for the AIS is primarily from tuition paid by the student of \$100. An AIS is typically a classroom lecture and film presentation presented on three consecutive nights.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Certain financial statement presentations and financial reportings have been changed from the methods used in prior years. (See Note B)

Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions, including unconditional promises to give, are recorded as made. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Fixed Assets:

BCOA follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. The fair value of donated fixed assets are similarly capitalized. Depreciation is computed on a straight-line basis over the useful lives of the assets.

The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

Fund Raising

Costs incurred in connection with obtaining and renewing state contracts/grants and United Way awards are included with the cost to administer the programs for which said funding is used and/or general and administrative expenses in some instances. Management has determined that those cost are incidental to the reporting cost already associated with the current year awards. Other fund raising activities primarily involve membership renewal which management has determined to be too minor to warrant separate functional expense allocation.

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 benefitted. Employees' salaries, fringe benefits, and certain other administrative expenses have been allocated among programs and supporting services

classifications based primarily on time sheets submitted by employees and in some cases on estimates made by the organization's management. Whenever practical, expenses are allocated directly to the program or supporting service classification to which it relates.

Estimates

The preparation of financial statements in conformity with general 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.

Income Taxes

No provision for income taxes has been made. The Internal Revenue Service has issued the Began Council on Alcoholism, Inc. an advanced ruling letter exempting the Council from income taxes. (See Note C)

B1. FINANCIAL STATEMENTS PRESENTATION AND FINANCIAL REPORTING:

In 1998, BCOA adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, BCOA is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this new standard, BCOA has discontinued its use of fund accounting for financial statement presentation and has, accordingly, reclassified its financial statements to present classes of net assets. The reclassification had no cumulative effect on the change in net assets for the year ended December 31, 1998.

BCOA also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption.

C1. INCOME TAXES

The Began Council on Alcoholism, Inc. is a non-profit corporation organized under the laws of the State of Louisiana. The Council has been recognized by the Internal Revenue Service as being exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has further determined the Council not to be a private foundation as within the meaning

of Internal Revenue Code Section 509(a). Contributions to the Council are deductible as provided by Section 170 of the Internal Revenue Code. The Council is not involved in any trade or business unrelated to the purpose for which it received its exemption from income taxes.

FI. GRANTS RECEIVABLE

As of December 31, 1996, the Council had a grant receivable from the State of Louisiana Department of Health and Hospitals in the amount of \$9,285. The receivable from the state represents claims submitted for reimbursement as provided by the grant. The above listed receivables were collected in the subsequent period.

EI. SUPPORT

Grants from Governmental Agencies:

During calendar year 1996, the Council recognized as support the funding it received from the Louisiana Department of Health and Hospitals by means of a contract that reimburses qualified expenses incurred in connection with services that HCHA provides. The grants were part of a Federal Block Grant received by the State. In 1996, the Council received \$40,853 in connection with the grant period July 1, 1995, through June 30, 1996, and \$48,315 in connection with the grant period July 1, 1996, through June 30, 1997. The total recognized under both grants for expenditures incurred in 1996 was \$89,168.

During 1996, the Council received \$1,950 in funding from the City Court of Thibodaux. The Council also received \$10,000 in funding from the Lafourche Parish Council. There were no restrictions on the City Court of Thibodaux grant nor the Lafourche Parish Council grant and, therefore, they are included as unrestricted funds when received.

For the period January 1, 1997, through June 30, 1997, the Council's grant with the State provides for reimbursements up to \$40,349 of qualifying expenses. As of the date of this report, the Council has submitted claims for reimbursements of qualified expenses totaling \$39,352 for that period.

United May:

During 1996, the Council received \$30,000 in support from the United May. The support was designated by the United May to be used for Core funding and there were some restrictions as to use as well as conditions on receiving the funds. As such, the Council included the \$30,000 as temporarily restricted funds when received. Those funds were transferred to the unrestricted

category when the restrictions were met. The United Way also awarded the Council with a \$5,000 "Venture Grant" to be used to extend the Council's Families in Focus program into Assumption Parish. However, the grant was only funded in 1998 for \$240 by the United Way when the program could not be satisfactorily instituted in Assumption Parish.

F) DONATED EQUIPMENT, MATERIALS, AND SERVICES

The Council's policy is to record donated material and equipment as contributions in the accompanying statements at their estimated values on the date received. During 1996, however, the Council did not receive any donated material and equipment that was valued at an amount that warranted inclusion in the financial records. Other than the donated services referred to in Note L, no amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, some volunteers have donated significant amounts of their time to the Council's program services and to its membership drive.

G) LEASES

The Council leases a copy machine under a contract it entered into beginning September 1, 1994, and lasting for 48 months.

BCOA entered into a 3 year lease for office space for the period December 1994 through November 2001. Previously, it rented its former main office on a month-to-month basis at a monthly rate of \$355 (\$4,260 per year).

Future lease obligations at December 31, 1996, were as follows:

YEAR	COPY MACHINE	OFFICE SPACE	TOTAL
1997	\$1,740	\$ 9,625	\$11,365
1998	\$1,160	\$ 9,625	\$10,785
1999	\$ --	\$ 9,625	\$ 9,625
2000	\$ --	\$10,325	\$10,325
2001	\$ --	\$ 9,625	\$ 9,625

H) FIXED ASSETS

Fixed assets acquired by BCOA are considered to be owned by BCOA. No property has been purchased with State Funds. The assets consist of office furniture, fixtures, and equipment. The assets are depreciated over a five year life using straight-line depreciation. Fixed assets are recorded at historical cost for items purchased. Donated fixed assets are recorded as estimated fair market value and depreciated over their remaining useful lives. Fully depreciated assets still in service at year end totaled \$4,905.

11. EARNED INCOME

Tuition collected from Alcohol Information School students who have not completed the course is recorded as unearned. Some students pay the tuition but must wait until a class has been scheduled for them to attend. The tuition is considered earned when the student completes the course, or when it is determined that the tuition is forfeited by the student for repeated failure to attend a class in which he has been scheduled.

11. PROGRAM ADVANCES

During 1996, the State of Louisiana Department of Health and Hospitals advanced the Council \$30,933 in connection with a grant that reimburses qualified expenditures made by the Council in operating its Community Awareness, High Risk Youth, and Families in Crisis programs. The advanced amount is repaid through a withholding of approximately one-twelfth of the advanced amount from the monthly reimbursement requests submitted during the year. The balance on the advance at December 31, 1998, \$5,467, is scheduled to be completely repaid by June 30, 1997.

11. SUBSEQUENT EVENTS

For 1997, the United Way has awarded the Council a \$27,500 grant to be used as Core Funding for various specified programs. The award is paid in monthly installments and is not considered unconditional. As of the date of this report the council has received \$21,843 from United Way related to the 1997 grant.

The Council was awarded a \$6,000 state contract to provide education and information and to acquire office equipment to help reduce the sale of tobacco to minors. The contract reimbursed qualified expenses and expires June 30, 1997. As of the date of this report, the Council has submitted requests for reimbursement of qualified expenses totaling \$2,568.

The Council is applying for a renewal of its state grant/contract in connection with its various programs for the period July 1, 1997, through June 30, 1998. As of the date of this report, this grant has not been awarded.

11. RELATED SERVICES--LAFOURCHE PARISH COUNCIL ON AGING

During 1996, the Council received the services of part time employees on a fairly regular basis. The salary for these employees were paid by the Lafourche Council on Aging with funds from a Federal Grant. The value of these services for 1998 was \$3,734 and is recorded as support and expenses in the accompanying financial statements. Said value was determined based on detailed time records and on an appropriate hourly rate.

NAYDU COUNCIL ON ALCOHOLISM, INC.

DECEMBER 31, 1974

SUPPLEMENTAL INFORMATION

MAYO COUNCIL ON ALCOHOLISM, INC.
 Schedule of Federal Awards
 for the Year Ended December 31, 1996

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Disbursement Expenditures
Passed through Louisiana State Department of Health and Hos- pitals: Division of Alcohol and Drug Abuse			
Alcohol, Drug Abuse, and Mental Health Services Block Grant	93.992	See Below	\$85,168 *****
Pass through grantor's number			
Grant period 7/1/95 - 6/30/96			
Department of Health and Hospital Division of Alcohol and Drug Abuse (Amount related to expenses incurred in calendar year 1996)		55,898 351.4830	\$40,853
Grant period 7/1/96 - 6/30/97			
Department of Health and Hospital Division of Alcohol and Drug Abuse (Amount related to expenses incurred in calendar year 1996)		58,592 351.798041	44,315
TOTAL			***** \$85,168 *****

RAYCO COUNCIL ON ALCOHOLISM, INC.
DECEMBER 31, 1990
REPORT ON INTERNAL ACCOUNTING CONTROLS
AND MANAGEMENT LETTER COMMENTS

Joseph P. Kotwe

Chartered Public Accountant

of Public Accountants

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REPORT ON INTERNAL ACCOUNTING CONTROLS MANAGEMENT LETTER COMMENTS

To the Executive Committee of
Bayou Council on Alcoholism, Inc.

I have examined the financial statements of Bayou Council on Alcoholism, Inc. for the year ended December 31, 1976, and have issued my report thereon dated June 20, 1977. As part of my examination, I made a study and evaluation of the Council's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Council's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Council is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system 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 executed 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 a system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of my evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all reportable conditions nor all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Bayou Council on Alcoholism, Inc. taken as a whole. However, my study and evaluation disclosed the conditions set out at pages 3-4 of this report, titled Management Letter Comments, that I believe will improve the accounting system

or should result in lowering the risk that errors or irregularities in amounts that would be material in relation to the financial statements of Bayou Council on Alcoholism, Inc. may occur and not be detected within a timely period.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the December 31, 1986, financial statements, and this report does not affect my report on these financial statements dated June 20, 1987.

This report is intended solely for the use of management and the Board of Directors and should not be used for any other purpose.



Joseph P. Kolva, C.P.A.
(A Professional Corporation)

Thibodaux, LA
June 29, 1987

Management Letter Comments
Areas Suggested for Improving Accounting Controls

I. Cash Receipts

I noted during my examination that due to the limited staff there is not a segregation of duties over cash receipts and the posting of the cash receipts to subsidiary records. The same persons who are responsible for receiving cash from AIA students directly are frequently the same persons with responsibility for posting the payments to other records, and have other cash receipts responsibilities. This type of internal control weakness is a material weakness and could result in irregularities which would be hard to detect since the same person handles all functions on some occasions.

Steps have been taken to improve control over payments received through the mail. Internal control was improved somewhat by having different individuals perform different aspects of the cash receipts cycle over mail receipts. These procedures should be continued, even though, the limited staff size appears to preclude the consistent segregation of the posting duties from the cash receipt procedures. It appears that due to the limited staff size, this segregation of duties problem can not be overcome completely. Also, fidelity bond coverage could be obtained for employees with cash receipt responsibilities.

II. Insurance

Several individuals use their automobiles while performing duties for the Council. I suggest that insurance coverage be obtained to cover the Council should one of these individuals cause damage to third parties while on Council business.

III. Personnel File

The employee personnel files should include signed documentation indicating the authorized pay rates and changes in pay. Currently, the personnel files are not consistently updated with this information although this information is available from other sources.

IV. Other Miscellaneous Suggestions

The principal fund raising activity of the Council is a membership drive. The primary effort on the fund raising/membership drive appears to be expended by Board members with little or no out of pocket cost to the Council. As such, a separate grouping of fund raising expenses is not warranted. However, if the fund raising expenses do become more material in amount and directly incurred by the Council, consideration should be given to recording fund raising expenses in a separate group of accounts. Consideration should be given to acquiring fire proof files to help protect the Council's records.

Joseph P. Kolwe

Certified Public Accountant

in Professional Organization

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

To the Executive Committee of
Bayou Council on Alcoholism, Inc.

I have audited the financial statements of Bayou Council on Alcoholism, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1998, and have issued my report thereon dated June 28, 1999.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Louisiana Governmental Audit Guide, and the provisions of Office of Management and Budget Circular A-333, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." These standards and OMB Circular A-333 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 Bayou Council on Alcoholism, 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 executed 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 so 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 Bayou Council on Alcoholism, Inc. for the year ended December 31, 1998, I obtained an understanding of the internal control

structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, 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 an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements:

The size of the Council's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control. However, to employ such control may not be cost effective.

A material weakness is a reportable condition in which the design or operation of one or more internal control structure elements does not reduce to a relatively low level the risk that errors or 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted that the reportable condition concerning the lack of segregation of duties in the area of cash receipts is considered by me to be a material weakness. Even though a thorough segregation of duties may not be cost effective, other alternatives should be applied to strengthen control in this area. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements.

I also noted other matters not involving the internal control structure and its operation that I have reported to the management of Bayou Council on Alcoholism, Inc. in a separate report dated June 20, 1987, titled Report on Internal Accounting Controls--Management Letter Comments.

This report is intended for the information of the Executive Committee of the board of directors and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Joseph F. Kolwa, C.P.A.
(A Professional Corporation)

Thiokolson, LA
June 28, 1997

Joseph P. Kolwe

Chartered Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

To the Executive Committee of
Bayou Council on Alcoholism, Inc.

I have audited the financial statements of Bayou Council on Alcoholism, Inc., a nonprofit organization as of and for the year ended December 31, 1996, and have issued my report thereon dated June 20, 1997.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; the Louisiana Governmental Audit Guide; and Office of Management and Budget (OMB) Circular A-333, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-333 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit for the year ended December 31, 1996, I considered Bayou Council on Alcoholism, Inc.'s internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on Bayou Council on Alcoholism, Inc.'s financial statements and to report on the internal control structure in accordance with OMB Circular A-333. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. I have addressed internal control structure policies and procedures relevant to my audit of the financial statements in a separate report dated June 20, 1997.

The management of Bayou Council on Alcoholism, 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 awards programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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 programs in the following categories: Revenue and Cash Receipts; Purchases and Disbursements; Payroll and Related Liabilities; and Governmental Financial Assistance Programs Related to Political Activity; Civil Rights; Cash Management; Allowable Cost/Cost Principles; Drug Free Workplace Act.

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

During the year ended December 31, 1996, Bayco Council on Alcoholism, Inc. had no major programs and expended 100% of its total federal awards under the following nonmajor programs: [Alcohol, Drug Abuse, and Mental Health Services Block Grant--Federal CFDA Number 93.992].

I performed tests of controls, as required by OMB Circular A-130, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. My procedures were less in scope than would be necessary to render an opinion on those internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Organization's ability to administer federal awards programs in accordance with applicable laws and regulations. The reportable condition noted in as follows:

The size of the Council's operations and its limited staff preclude an adequate segregation of duties and other features of

an adequate system of internal control. However, to employ such control may not be cost effective. Alternatives should, therefore, be implemented to otherwise improve control in this area.

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 noncompliance with laws and regulations that would be material to a federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure policies and procedures used in administering Federal awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe that the reportable conditions described above is a material weakness.

These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the Bayou Council on Alcoholism, Inc.'s compliance with requirements applicable to its nonmajor Federal award programs for the year ended December 31, 1996, and this report does not affect my report dated June 30, 1997.

I also noted other matters not involving the internal control structure and its operation that I have reported to the management of Bayou Council on Alcoholism, Inc. in a separate letter dated June 28, 1997.

This report is intended for the information of the Executive Committee and management. However, this report is a matter of public record, and its distribution is not limited.



Joseph F. Eyles, C.F.A.
Certified Public Accountant

Thibodaux, LA 70181
June 30, 1997

Joseph P. Kolwe

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANTS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Executive Committee of
Bayou Council on Alcoholism, Inc.

I have audited the financial statements of Bayou Council on Alcoholism, Inc. (a nonprofit organization) as of and for the year ended December 31, 1994, and have issued my report thereon dated June 20, 1997.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Louisiana Governmental Audit Code, and the provisions 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.

Compliance with laws, regulations, contracts, and grants applicable to Bayou Council on Alcoholism, Inc. is the responsibility of Bayou Council on Alcoholism, Inc.'s management. As part of my audit, I assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated. I concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform tests of Bayou Council on Alcoholism, Inc.'s compliance with such provisions of laws, regulations, contracts, and grants.

However, in connection with my audit, nothing came to my attention that caused me to believe that Bayou Council on Alcoholism, Inc. had not complied, in all material respects, with the laws, regulations, contracts, and grants referred to in the preceding paragraph.

This report is intended for the information of the Executive Committee of Bayou Council on Alcoholism, Inc. and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



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Thibodaux, LA
June 20, 1997

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO BAYOU COUNCIL FEDERAL AWARD PROGRAMS

To the Executive Committee of
Bayou Council on Alcoholism, Inc.

I have audited the financial statements of the Bayou Council on Alcoholism, Inc. (a non-profit organization) as of and for year ended December 31, 1990, and have issued my report thereon dated June 29, 1991.

In connection with my audit of the financial statements of Bayou Council on Alcoholism, Inc., and with my consideration of the Organization's internal control structure used to administer federal award 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 nonmajor federal award programs for the year ended December 31, 1990. As required by Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and the eligibility requirements that are applicable to these transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Organization'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 requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Bayou Council on Alcoholism, Inc. had not complied, in all material respects, with these requirements. Also, the results of my procedures did not disclose any immaterial instances of noncompliance with these requirements.

This report is intended for the information of the Executive Committee and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Joseph P. Kolwe, C.P.A.
(A Professional Corporation)

Thibodaux, LA
June 29, 1991

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARDS PROGRAMS

To the Executive Committee of
Bayou Council on Alcoholism, Inc.

I have audited the financial statements of the Bayou Council on Alcoholism, Inc. (a non-profit organization) as of and for year ended December 31, 1990, and have issued my report thereon dated June 20, 1991.

I have applied procedures to test Bayou Council on Alcoholism, Inc.'s compliance with the following requirements applicable to its federal awards programs, which are identified in the accompanying schedule of Federal Awards for the year ended December 31, 1990: political activity, civil rights, cash management, allowable costs/cost principles, and drug free workplace act.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Nonprofit Institutions". My procedure was substantially less in scope than an audit, the objective of which is the expression of an opinion on Bayou Council on Alcoholism, Inc.'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 noncompliance 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 Bayou Council on Alcoholism, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the Executive Committee and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Joseph P. Kolwe, C.P.A.
(A Professional Corporation)

Thibodaux, LA
June 20, 1991