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RAYON COUNCIL ON ALCOHOLISM, INC.
FINANCIAL STATEMENTS
AND AUDITOR'S REPORT
AND REPORTS ON INTERNAL CONTROL
AND OTHER COMPLIANCE REPORTS
JUNE 30, 1960

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the courts, 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 Jan 27 1969

DAYCO COUNCIL ON BLOODLICH, INC.

JUNE 30, 1988

FINANCIAL STATEMENTS

AND

AUDITOR'S REPORT

Joseph P. Kolbe

Chartered Public Accountant

(A Professional Corporation)

202 S East Bayou Road (Opp. 800) Suite 1000 - Thibodaux, Louisiana 70081 - 225/247-0311 - Fax 225/247-0320

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

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 June 30, 1998, 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. Governmental Auditing Standards, issued by the Comptroller General of the United States, the Louisiana Governmental Audit Guide. Those standards 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 June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated December 17, 1998, on my consideration of Bayou Council on Alcoholism, Inc.'s internal control structure and a report dated December 17, 1998, on its compliance with laws and regulations.



Thibodaux, LA
December 17, 1998

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

BAYOU COUNCIL ON ALCOHOLISM, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1968

ASSETS

Current Assets:	
Cash	\$ 1,213
Grants receivable (Note D)	58,218
Employee advance	500
Total current assets	\$60,931

Fixed Assets:	
Equipment at cost or donated value less accumulated depreciation of \$13,487 (Note H)	28,548

Other Assets:	
Programs/Manuals	1,872
TOTAL ASSETS	\$91,351

LIABILITIES AND NET ASSETS

Current Liabilities:	
Notes Payable (Note J)	125,000
Accounts Payable	9,898
Unearned income (Note I)	1,000
Accrued interest	28
Total Current Liabilities/Total Liabilities	\$155,926

Net Assets:	
Unrestricted net assets	46,135
TOTAL LIABILITIES AND NET ASSETS	\$91,351

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

BAYCO COUNCIL ON ALCOHOLISM, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1998

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Support:(Note E)				
Grants from government agencies	\$213,847	\$ --	\$ --	\$213,847
United Way grant	--	48,379	--	48,379
Donated facilities	6,700	--	--	6,700
Donated services	5,356	--	--	5,356
Donated equipment (Note F)	9,880	--	--	9,880
Other contributions	719	--	--	719
	-----	-----	-----	-----
Total support	237,313	48,379	--	285,692
	-----	-----	-----	-----
Revenue:				
Alcohol Information School	41,800	--	--	41,800
Membership dues	1,625	--	--	1,625
Interest income	112	--	--	112
Miscellaneous	62	--	--	62
	-----	-----	-----	-----
Total revenue	43,599	--	--	43,599
	-----	-----	-----	-----
Net assets released from restrictions: satisfaction of usage restrictions				
	68,379	(48,379)	--	--
	-----	-----	-----	-----
Total support and revenue	305,391	--	--	305,391
	-----	-----	-----	-----
EXPENSES:				
Program services:				
Community Awareness	124,313	--	--	124,313
Families in Focus	33,348	--	--	33,348
High Risk Youth	46,740	--	--	46,740
Parenting Education	37,857	--	--	37,857
Alcohol Information School	38,386	--	--	38,386
	-----	-----	-----	-----
Total program services	280,644	--	--	280,644
	-----	-----	-----	-----
Management and general	39,584	--	--	39,584
	-----	-----	-----	-----
Total expenses	320,228	--	--	320,228
	-----	-----	-----	-----
Changes in net assets	10,861	--	--	10,861
	-----	-----	-----	-----
Net assets, beginning of year	36,074	--	--	36,074
	-----	-----	-----	-----
Net assets, end of year	\$ 46,935	\$ --	\$ --	\$ 46,935
	-----	-----	-----	-----

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

BAYOU COUNCIL ON ALCOHOLISM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998

CASH FLOWS USED FOR OPERATING ACTIVITIES:

Change in net assets	\$ 10,063
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	4,532
Increase in accounts payable	9,886
Increase in notes payable	25,280
Increase in grant receivable	(45,649)
Increase in employee advance	(500)
Decrease in unearned income	(300)
Other net changes	396

Net cash provided from operating activities	3,246

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of equipment	(12,468)

Net cash used by investing activities	(12,468)

NET INCREASE IN CASH	(9,222)
CASH - June 30, 1997	19,431

CASH - JUNE 30, 1998	\$ 1,213

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

DAVIDSON, BRIDGES & COMPANY, INC.
STATEMENT OF FINANCIAL OPERATIONS
YEAR ENDED JUNE 30, 1988

	CAPACITY ADVERTISED	FAIRLIES IN FLOORS	HIGH-RISE TOTAL	PLANNING EXCEPTION	4Q	TOTAL PROGRAM	GENERAL AND ADMIN.	TOTAL EXPENSES
EXPENSES	12,024	11,223	13,248	11,284	18,288	13,173	3,437	16,710
EMPLOYEE WAGE INSURANCE FAMILY, SICK, ETC.	4,472	1,067	808	1,373	1,788	11,821	388	13,178
TOTAL SALARIES AND RELATED EXPENSES	18,391	11,970	11,122	19,657	19,456	14,024	12,540	19,487
INSTRUMENTS/CONSULTANTS	-	21,543	17,000	1,648	9,883	48,117	-	48,117
TRAVEL/ENTERTAINMENT	4,175	287	590	283	288	1,141	878	2,019
CONTROL RECORDS	2,887	1,284	889	1,371	1,471	1,471	378	2,849
SUPPLIES - OFFICE	1,403	44	18	33	477	2,531	224	2,755
POSTAGE	3,088	520	1,224	1,275	1,778	19,284	1,189	21,465
NON-OFFICE SPACE	428	-	-	-	3,818	8,828	-	9,254
CLERICAL/STENT & CLEANING	1,278	464	469	713	371	3,290	344	3,634
NON-EQUIPMENT	2,872	822	1,816	128	282	842	622	1,464
TRAVEL	2,175	111	-	178	1,888	1,888	441	2,329
PRINTING AND PUBLICATION	1,394	1,095	1,364	1,695	1,865	9,471	1,023	13,348
RESEARCH	1,194	54	52	-	818	1,243	-	1,347
TELEPHONE	1,287	888	812	889	788	1,175	83	2,063
REPAIRS & MAINTENANCE	1,480	251	251	-	1,776	182	162	1,938
RESCUE/LABOR	2,278	-	-	-	23	2,301	288	2,589
INSURANCE	318	159	814	158	818	2,560	281	2,841
SALES	2,138	-	-	-	-	11,330	237	11,567
LYCENS	-	-	-	-	-	-	468	468
DIRECT COST/OTHER RISK VOLTAGE PROGRAM	-	-	13,895	-	-	13,895	-	13,895
DIRECT COSTS/POWER PROGRAM	14,488	-	-	-	-	14,488	-	14,488
DIRECT COSTS/LEASE PROGRAM	-	-	-	-	-	-	-	-
PROJECT	8,784	-	-	-	-	8,784	-	8,784
INTEREST EXPENSE	-	-	-	-	-	-	78	78
TOTAL EXPENSES (EXPENSE) OPERATION	194,375	81,148	49,140	11,097	28,288	209,541	28,282	237,828
TOTAL	194,375	81,148	49,140	11,097	28,288	209,541	28,282	237,828

(THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT)

BAYOU COUNCIL ON ALCOHOLISM, INC.
Notes to Financial Statements
Period Ended June 30, 1978

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Source of Activities

The Bayou Council on Alcoholism, Inc., (BCCA), (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 public more aware of and to try to limit the problems and destruction caused by alcohol and other drugs. For the period ended June 30, 1978, Community Awareness also included a program to prevent minors from being able to purchase cigarettes. Through its Families in Focus Program, BCCA 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. The Parenting Education Program consists of teaching parenting skills to parents and assist parents in developing new ideas and techniques which they can utilize in improving their relationship with their children. These programs are funded through a combination of various grants from the United Way, grants/contracts with the State of Louisiana that reimburses qualified expenses, unrestricted grants received from the Lafourche Parish Council, from funds generated by the Council's Alcohol Information School (AIS), and membership dues and a grant from the Louisiana Governor's Safe and Drug Free Schools program.

In December of 1977, the Council opened a satellite office in Franklin, LA, to bring the above listed programs to St. Mary Parish.

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. This program is operated in Lafourche Parish only.

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 reporting has been changed from the methods used in prior years. (See Note B)

Contributions

All contributions are considered 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 these 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

BOCA follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$100. The fair value of donated fixed assets is 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 these 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 benefited. Employees' salaries, fringe benefits, and certain other administrative expenses have been allocated among programs and supporting service 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 these estimates.

Income Taxes

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

Concentrations of Support and Revenue

The support BOCA receives is concentrated in the grants that reimburse qualified expenses, including employee salaries. During the year ended June 30, 1988, this support totaled \$215,043. Revenue is concentrated in fees generated from the operations of the Alcohol Information School. These revenues are the only material revenue source, which provides discretionary funding and totaled \$41,000 for the year ended June 30, 1988. There is a risk that the grants will be reduced or eliminated and that revenue from the Alcohol Information School could decrease. (See notes E and L.)

B) FINANCIAL STATEMENTS PRESENTATION AND FINANCIAL REPORTING

In 1980, BOCA adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, BOCA 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, BOCA 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 period ended June 30, 1988.

BOCA also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1986. 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 for the period ended June 30, 1988.

C1. INCOME TAXES

The Bayou Council on Alcoholism, Inc. is a non-profit corporation organized under the laws of the State of Louisiana. The Internal Revenue Service has recognized the Council 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.

E1. GRANTS RECEIVABLE--\$40,314

As of June 30, 1988, the Council had a grant receivable from the State of Louisiana Department of Health and Hospitals in the amount of \$40,488 and from the Louisiana Governor's Safe and Drug Free School program of \$13,728. These receivables represent claims submitted for reimbursement as provided by various grants. The above listed receivables were collected in the subsequent period.

E1. SUPPORT

Grants from Governmental Agencies--\$213,847

Louisiana Department of Health and Hospitals--\$172,993

During the year ended June 30, 1988, the Council recognized as support the funding it received from the Louisiana Department of Health and Hospitals by means of contracts that reimburse qualified expenses incurred in connection with services that BOCA provides. The grants were part of a Federal Block Grant received by the State. During this period, the Council recognized \$172,993 in connection with three grants covering the period July 1, 1987, through June 30, 1988.

Louisiana Governor's Safe and Drug Free School Program--\$28,355.

The Council was paid \$28,355 during the June 30, 1998, fiscal year under a grant to reimburse expenses plus an 8% overhead factor, incurred in connection with various programs that Mayor Council on Alcoholism provides.

Local Governmental Agencies--\$11,750

During the year ended June 30, 1998, the Council received \$1,700 in funding from the City Court of Thibodaux and \$10,050 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.

United Way--\$68,379

During the year ended June 30, 1998, the council was funded by the United Way. The Council received \$34,629 in connection with the 1997 calendar year grant and \$33,750 in connection with the 1998 calendar year grant. The awards are generally paid in monthly installments and are not considered unconditional.

There were some restrictions as to use as well as conditions on receiving the funds. As such, the Council included the \$68,379 as temporarily restricted funds when received. These funds were transferred to the unrestricted category when the restrictions were met.

As of June 30, 1998, the Council has a conditional promise that the United Way will provide an additional \$33,750 in support by December 31, 1998, under the 1998 United Way calendar year grant.

Donated Facilities--\$6,500

The alcohol information schools conducted in Thibodaux during the fiscal year were presented in classrooms at a local school. The school did not charge any rent for the use of its classroom. Management has estimated it received a value of \$3,750 during the year for the free use of these facilities. Also, the Council received office space in Franklin, LA for free for six months and has determined it received a value of \$2,750 of support for the below market rent. Rent expense has been recorded as functional expenses for programs equal to the support received.

Donated services--Lafourche Parish Council on Agira-65,356

During the year ended June 30, 1998, the Council received the services of a part time employee on a regular basis. The Lafourche Council on Agira paid the salary for this employee with funds from a Federal Grant. The value of these services for the period was \$5,356 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.

F1. DONATED EQUIPMENT, MATERIALS, AND SERVICES

The Council's policy is to record donated material and equipment as contributions at their estimated value on the date received. For the year ended June 30, 1998, the Council received donated used office furniture that was valued at \$2,000. The value of the equipment is recorded as fixed assets and is depreciated. Other than the donated services referred to in Note E, 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.

G1. LEASES

The council entered into a lease for office space in Franklin, LA, for administering its programs in St. Mary Parish. The lease allows 12 months free rent commencing December 1997 and then requires payment of \$270 per month for 14 additional months. See Note E - donated facilities for details of office space provided at below market rates.

The Council entered a 5-year lease for its Thibodaux office space for the period December 1998 through November 2003. Previously, it rented its former main office on a month-to-month basis at a monthly rate of \$300 (\$4,020 per year). Future lease obligations at June 30, 1998, were as follows:

YEAR	THIBODAUX OFFICE SPACE	FRANKLIN OFFICE SPACE	TOTAL
06/30/99	\$10,075	5,875	\$15,950
06/30/00	10,375	3,500	13,875
06/30/01	4,375	3,500	7,875
06/30/02	--	625	625
06/30/03	--	--	--
	-----	-----	-----
Total	\$24,825	\$4,500	\$29,325

10. FIXED ASSETS

Fixed assets acquired by SCOA are considered to be owned by SCOA. 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 at estimated fair market value and depreciated over their remaining useful lives. Fully depreciated assets still in service at year-end totaled \$6,548.

During the year ended June 30, 1998, the Council purchased \$19,484 of fixed assets and that amount was reimbursed to the Council under the various state grants that were in effect. The equipment is therefore considered to be purchased with funds from the grants. Grant provisions provide that equipment purchased with funds from the grant be transferred back to the state when the Council no longer provides contract services to the state. As of June 30, 1998, the total recorded costs of fixed assets purchased with grant funds including the current year additions is \$17,441.

11. UNEARNED 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.

12. NOTES PAYABLE

As of June 30, 1998, the Council was indebted to a local bank in connection with a line of credit that had been established during the year then ended. The credit line provided checking account overdraft protection. Before June 30, 1998, the council had borrowed \$5,875 on this line. The balance of this line of credit \$19,125 was effectively used by the Council to cover checks written before June 30, 1998. The interest rate is 1% over the Wall Street Journal Prime Rate. Accrued interest at June 30, 1998, was \$28. The loan is payable on demand.

13. BOARD OF DIRECTORS COMPENSATION

No members of the Board of Directors received any compensation or per diem allowance to serve as Board members.

1.1. SUBSEQUENT EVENTS

Grants renewed

The Council was awarded a renewal of three state grant/contracts in connection with selected programs for the period July 1, 1988, through June 30, 1989. The renewals awarded are to operate selected programs in its traditional geographical areas of service as well as to continue to implement selected programs in St. Mary Parish, a new geographical area of service. These contracts are from the Louisiana Department of Health and Hospitals and provide for reimbursement of a maximum of \$184,757 of specifically allowed expenditures.

Grants not renewed

The council was informed that it would not receive any funding from the Governor's Safe and Drug Free Schools and Community Grant for fiscal year June 30, 1988. Management plans to reduce the number for the fiscal year June 30, 1988, activities it offers in its High Risk Youth Programs to compensate for the loss of \$26,355 of support.

Land acquisition

The Council purchased in October 1988, a vacant lot that is next to the office space it leases in Thibodaux. The council has no specific plans for the real estate at this time. The cost was \$33,000 and was financed by drawing on a line of credit at a local bank.

Line of Credit Increase

In October 1988, the Council increased its available line of credit to \$50,000 and used \$33,000 to finance the acquisition of land. The \$17,000 borrowed against the line of credit at June 30, 1988, was paid by October 1988.

Joseph P. Kolwe

Chartered Public Accountant

(A Professional Corporation)

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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 June 30, 1998, and have issued my report thereon dated December 17, 1998. 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 any 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 page 3 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 June 30, 1990, financial statements, and this report does not affect my report on these financial statements dated December 17, 1990.

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

Thibodaux, LA
December 17, 1990

Joseph F. Roles, CPA
(A Professional Corporation)

**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 AIC 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 receipt 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. Fidelity bond coverage was obtained for employees with cash receipt responsibilities which partially mitigates this weakness.

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 damages to third parties while on Council business.

Joseph P. Kolwe

Chartered Public Accountant

an Independent Organization

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS AND COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

I have audited the financial statements of Bayou Council on Alcoholism, Inc. (a nonprofit corporation) as of and for the year ended June 30, 1999, and have issued my report thereon, dated December 17, 1998. I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. The attached Appendix is an integral part of this report.

In planning and performing my audit, I obtained an understanding of the Bayou Council on Alcoholism, Inc.'s internal control and assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements. I also tested the Bayou Council on Alcoholism, Inc.'s compliance with laws, regulations, and other provisions of contracts and grants that could have a direct and material effect on the financial statements.

I noted certain matters involving internal control that I consider to be reportable conditions, which are 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. This was apparent in the processing of cash receipts by employees who are also responsible for the posting of cash receipts to the accounting records. However, to employ such procedures to improve the internal control may not be cost effective.

My consideration of internal controls would not necessarily disclose all matters in internal controls that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also material weaknesses. However, I also noted the following matters involving internal control that I consider being material weaknesses. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of Bayou Council on Alcoholism, Inc. for the year ended June 30, 1999:

The above-described reportable condition concerning segregation of duties is considered to be a material weakness.

The results of my tests disclosed no instances of noncompliance with laws, regulations, and other contracts and grants that are required to be reported under Government Auditing Standards.

My consideration of the Bayou Council on Alcoholism, Inc.'s internal control and my testing of its compliance with laws, regulations, and provisions of contracts and grants were not designed to and did not provide sufficient evidence to express an opinion on such matters and would not necessarily disclose all matters that might be material weaknesses. Accordingly, I do not express an opinion on Bayou Council on Alcoholism, Inc.'s internal control or on its compliance with laws, regulations, and provisions of contracts and grants.

I also noted other matters involving internal control that I have reported to the top management of Bayou Council on Alcoholism in a separate letter dated December 12, 1988.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities, and regulatory and legislative bodies. However, this report is a matter of public record and its distribution is not limited.

Joseph F. Koike, CPA
& Professional Corporation

December 12, 1988

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**APPENDIX TO REPORT ON INTERNAL CONTROLS AND COMPLIANCE
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The management of Bayou Council on Alcoholism, Inc. is responsible for compliance with laws, regulations, contracts, and grants applicable to Bayou Council on Alcoholism, Inc. and for establishing and maintaining internal control. The objectives of internal control 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.

Definitions

Reportable Condition

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in my judgment, could adversely affect the Bayou Council on Alcoholism, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Material Weakness

A material weakness is a reportable condition in which the design or operation of internal control 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 could occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

BARCLAY COUNCIL ON ALCOHOLISM, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 1998

SECTION 1-INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

6-30-98 NONE FOUND

SECTION 2-INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

6-30-98 NONE FOUND

SECTION 3-MANAGEMENT LETTER

6-30-98 ITEM 1

IMPROVE SEGREGATION OF DUTIES FOR DAILY
CASH RECEIPTS PROCESSING

6-30-98 ITEM 2

INSURANCE COVERAGE SHOULD BE OBTAINED
TO INSURE THE ORGANIZATION FROM CLAIMS
THAT MAY ARISE FROM EMPLOYEES USING
THEIR OWN AUTOMOBILE WHILE ON COMPANY
BUSINESS

6-30-98 ITEM 1

MANAGEMENT IS AWARE OF THE
POTENTIAL PROBLEM CAUSED BY LACK OF
SEGREGATION OF DAILY CASH RECEIPT
DUTIES. HOWEVER, THE SMALL SIZE OF THE
ORGANIZATION'S STAFF PRECLUDES THIS
SEGREGATION OF DUTIES FROM BEING
OBTAINED. FIDELITY BOND COVERAGE HAS
BEEN OBTAINED. NEITHER THE FEDERAL
GRANTS NOR THE STATE PASS THROUGH
ENTITY HAS BEEN CONTACTED REGARDING
THIS WEAKNESS. THE EXECUTIVE DIRECTOR
PERIODICALLY CHECKS DAILY CASH RECEIPT
ACTIVITY. NO OTHER ACTION TAKEN AS OF
12/12/98.

6-30-98 ITEM 2

MANAGEMENT IS GOING TO LOOK INTO THE
COST OF OBTAINING A RIDE TO THEIR
CURRENT GENERAL LIABILITY COVERAGE
FOR THIS NO ACTION TAKEN AS OF
12/12/98

BOYD COUNCIL ON ALCOHOLISM, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 1988

SECTION 1 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

6-30-87 NONE FOUND

SECTION 2 INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

6-30-87 NONE FOUND

SECTION 3 MANAGEMENT LETTER

6-30-87 ITEM 1

BETTER SEGREGATION OF DAILY CASH
RECEIPTS/DUTIES

6-30-87 ITEM 1

PARTIALLY RESOLVED. THE EXECUTIVE
DIRECTOR PERIODICALLY CHECKS THE
DAILY CASH RECEIPTS RECEIVING
ACTIVITY AND IS SURE TO LET THE EMP-
LOYEES INVOLVED KNOW THAT SHE IS
DOUBLE CHECKING ON A SURPRISE BASIS.
THE ORGANIZATION'S SMALL SIZE AND
STAFF PRECLUDES THE SEPARATION OF
DUTIES DESIRED. FIDELITY BOND COV-
ERAGE WAS OBTAINED. MANAGEMENT
IS AWARE OF THE POTENTIAL PROBLEM
AND IT IS LISTED IN 6-30-88 MANAGEMENT
LETTER.

6-30-87 ITEM 2

OBTAIN INSURANCE TO PROTECT THE COUNCIL
FROM POSSIBLE LOSS DUE TO EMPLOYEE
LIABILITY FOR USE OF THEIR AUTOMOBILE
WHILE ON COUNCIL BUSINESS

6-30-87 ITEM 2

UNRESOLVED. MANAGEMENT INTENDS TO
LOOK INTO THIS. THROUGH 12-12-88 IT IS
STILL UNRESOLVED AND IT IS LISTED IN
6-30-88 MANAGEMENT LETTER.

6-30-87 ITEM 3

PAYROLL AUTHORIZATION DOCUMENTATION
COULD BE IMPROVED

6-30-87 ITEM 3

RESOLVED. A NEW SCHEDULE IS MAIN-
TAINED FOR EACH EMPLOYEE LISTING
THE EMPLOYEE RATE OF PAY. THIS LIST
IS UPDATED WHENEVER A PAY RATE IS
CHANGED. IT IS APPROVED BY A BOARD
MEMBER AND THE EXECUTIVE DIRECTOR.

6-30-87 ITEM 4

MORE DETAILED FUND ASSET RECORDS
SHOULD BE MAINTAINED

6-30-87 ITEM 4

RESOLVED. THE RECORDS ARE NOW
IMPROVED TO INCLUDE THE NECESSARY
DATA THAT INDICATES COST, VENDOR,
DATE ACQUIRED, AND WHETHER IT WAS
ACQUIRED WITH STATE/FEDERAL FUNDS.