

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.

EJ. GRANTS RECEIVABLE

As of June 30, 1997, the Council had a grant receivable from the State of Louisiana Department of Health and Hospitals in the amount of \$12,567. 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.

EK. SUPPORT

Grants from Governmental Agencies:

During the six months ended June 30, 1997, the Council recognized a 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 SOGA provides. The grants were part of a Federal Block Grant received by the State. During this period the Council recognized \$48,197 in connection with the grant period July 1, 1996, through June 30, 1997. Under a separate grant, the State also reimbursed the Council \$6,612 of cost for a program that was targeted to prevent minors from having access to cigarettes. The total recognized under both grants for expenditures incurred during the six months ended June 30, 1997, was \$54,809.

During the six months ended June 30, 1997, the Council received \$650 in funding from the City Court of Thibodaux and \$7,600 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 and total \$8,250.

United Way:

For calendar year 1997, the United Way awarded the Council \$52,598 in grants to be used as Core Funding for various specified programs and \$11,851 to start a new program called the Claire House. The awards are generally paid in monthly installments and are not considered unconditional. During the six months ended June 30, 1997, the Council received \$29,725 in support from the United Way of which \$24,329 was in connection with the Core Funding for the Community Awareness, Families in Focus, High Risk Youth, and Parenting Education Programs and \$5,396 for start up costs in connection with the Claire House program, which commenced operations in July 1997. There were some restrictions as to use as well as conditions on receiving the funds. As such, the Council included the \$29,725 as temporarily restricted funds when received. These funds were transferred to the unrestricted category when the restrictions were met.

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. For the six months ended June 30, 1997, 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.

SCOA entered into a 5 year lease for office space for the period December 1998 through November 2001. Previously, it rented its former main office on a month-to-month basis at a monthly rate of \$335 (\$4,020 per year). Future lease obligations at June 30, 1997, were as follows:

YEAR	COPY MACHINE	OFFICE SPACE	TOTAL
06/30/97	\$1,740	\$ 9,475	\$11,215
06/30/98	290	9,775	10,065
06/30/99	--	10,075	10,075
06/30/00	--	10,375	10,375
06/30/01	--	4,375	4,375
	-----	-----	-----
Total	\$2,030	\$44,075	46,105

H) 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 totalled \$4,905.

During the six months ended June 30, 1997, \$8,977 of computer and other equipment was purchased by the Council and that amount was reimbursed to the Council under the state grants that were in effect. The equipment is therefore considered to be purchased with funds from the grants. Prior to January 1, 1997, no furniture, fixtures, or equipment had been purchased with funds from state 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.

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. PROGRAM ADVANCES

During 1986, the State of Louisiana Department of Health and Hospitals advanced the Council \$10,843 in connection with a grant that reimburses qualified expenditures made by the Council in operating its Community Awareness, High Risk Youth, and Families in Focus 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 advance was completely repaid by June 30, 1987.

13. SUBSEQUENT EVENTS

The Council was awarded a renewal of its state grant/contract in connection with selected programs for the period July 1, 1987, through June 30, 1988. The renewal awarded was \$126,158 to operate selected programs in its traditional geographical areas of service. For the same period it was also awarded \$261,599 to implement selected programs in St. Mary Parish, a new geographical area of service. These two contracts are from the Louisiana Department of Health and Hospitals. The Council was also awarded for the same period \$28,000 from the Governor's Safe and Drug Free Schools and Community Grant to help implement the selected programs in St. Mary Parish.

14. BOARDED SERVICES--LAFOURCHE PARISH COUNCIL ON AGING

During the six months ended June 30, 1987, the Council received the services of a part time employee on a regular basis. The salary for this employee was paid by the Lafourche Council on Aging with funds from a Federal Grant. The value of these services for the period was \$2,758 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.

15. BOARD OF DIRECTORS COMPENSATION

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

BEYCO COUNCIL ON ALCOHOLISM, INC.

JUNE 30, 1997

MANAGEMENT LETTER AND REPORT ON
INTERNAL CONTROLS

Joseph P. Kolacz

Certified Public Accountant

Independent Organization

100 E. Lake Street, Second Floor, 5880 North York / Philadelphia, Indiana 46081 / (317) 837-5070 • Fax: (317) 837-1326

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 six months ended June 30, 1997, and have issued my report thereon dated December 12, 1997. 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 could 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

we should result in lowering the risk that errors or irregularities in amounts that would be material in relation to the financial statements of Bayco 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, 1997, financial statements, and this report does not affect my report on these financial statements dated December 17, 1997.

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. Kallie, C.P.A.
(A Professional Corporation)

Theodore, IA
December 17, 1997

**Management Letter Comments
Areas Suggested for Improving Accounting Controls**

1. 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.

11. 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.

111. Personnel File/Payroll Authorization

The Council does not have in place a formal record of payroll authorization for employees. Periodically the board approves pay increases for the administrator. The administrator has authority to give pay increases to other employees. However, there are no formal procedures followed to document the dates of the raises, the amount of the raises, or the annual or monthly salary after the raise. I suggest a formal schedule/document be kept in each employee payroll file and that the document be updated when raises are given. A signature of the Board Secretary or other officer should be on the schedule next to each raise given. The employee could sign this document as well to signify that they were notified of the change in salary. This schedule/document would reflect all pay changes throughout an employee tenure with the Council and could be a meaningful tool for management to evaluate pay raises in the future.

IV. Detail Fixed Asset Records

During the period ended June 30, 1987, the Council was reimbursed by State Grants for specific purchases of computer equipment. Prior to this, any fixed assets were always purchased without state funds. The grant restrictions indicate that the fixed assets acquired with state funds technically revert back to the state when the equipment is no longer used by the Council. Due to these requirements, I suggest the Council adopt a more detailed fixed asset accounting system than has been necessary in the past. This system should have an identification tag number placed on the equipment and the tag numbers accounted for in a fixed asset ledger system.

V. 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 set of pocket sent 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. Kotue

Certified Public Accountant

22 Piedmont Drive, Princeton

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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 six months ended June 30, 1997, and have issued my report thereon, dated December 12, 1997. 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 ensure 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, 1997:

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, 1997.

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 P. Keivy
Certified Public Accountant

December 12, 1997

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 our 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.

BARCO COUNCIL ON ALCOHOLISM, INC.
FINANCIAL STATEMENTS
AND AUDITOR'S REPORT
AND REPORTS ON INTERNAL CONTROLS
AND OTHER COMPLIANCE REPORTS
JUNE 30, 1993

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REPORT

	PAGE
1. Financial Statements and Auditor's Report	1
Independent Auditor's Report on the Basic Financial Statements	2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7
2. Management Letter and Auditor's Report	13
Report on Internal Accounting Controls and Management Letter Comments	14
Management Letter Comments Areas suggested for improving accounting controls	16
3. Independent Auditor's Report on Internal Controls and Compliance Based on an Audit of Financial Statements performed in accordance with Government Auditing Standards	18

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

Release Date 2-18-98

NAYOR COUNCIL ON ALCOHOLISM, INC.
JUNE 30, 1997
FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT

Joseph P. Kolwe

Certified Public Accountant

A Professional Corporation

1070 East Bayou Boulevard, Suite 200 • Metairie, Louisiana 70001 • (504)833-0771 • Fax:(504)833-0770

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, 1997, and the related statement of activities, and the statement of cash flows, and the statement of functional expenses for the six months 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 code. These 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, 1997, and the changes in its net assets and its cash flows for the six months then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated December 12, 1997, on my consideration of Bayou Council on Alcoholism, Inc.'s internal control structure and a report dated December 13, 1997, on its compliance with laws and regulations.

Metairie, LA
December 12, 1997


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

BROU COUNCIL ON BLOODLIME, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1997

ASSETS

Current Assets:	
Cash	\$10,431
Grants receivable (Note D)	12,563

Total current assets	\$22,994
Fixed Assets:	
Equipment at cost or depreciated value less accumulated depreciation of \$8,948 (Note E)	12,617
Workbooks/supplies	1,759

TOTAL ASSETS	\$37,374

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ --
Unearned income (Note 1)	1,300
Program advances (Note 3)	--

Total Current Liabilities/Total Liabilities	\$ 1,300
Net Assets:	
Unrestricted net assets	36,074

TOTAL LIABILITIES AND NET ASSETS	\$37,374

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

BEYON COUNCIL ON ALCOHOLISM, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1997

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support: (Note E)				
Grants from government agencies	\$ 62,649	\$ --	\$ --	\$ 62,649
United Way grant	--	29,723	--	29,723
Other contributions	125	--	--	125
Donated services (Note I)	3,706	--	--	3,706
Total support	66,580	29,723	--	96,303
Revenue:				
Alcohol information school	21,189	--	--	21,189
Interest income	137	--	--	137
Membership dues	2,635	--	--	2,635
Miscellaneous	131	--	--	131
Total revenue	24,192	--	--	24,192
Net assets released from restrictions; satisfaction of usage restrictions	29,723	< 29,723 >	--	--
Total support and revenue	118,434	--	--	118,434
EXPENSES:				
Program services:				
Community awareness	38,818	--	--	38,818
Family in Focus	29,723	--	--	29,723
High Risk Youth	11,498	--	--	11,498
Parenting Education	28,417	--	--	28,417
Alcohol information school	16,973	--	--	16,973
Total program services	125,429	--	--	125,429
Management and general	11,684	--	--	11,684
Total expenses	112,225	--	--	112,225
Change in net assets	3,201	--	--	3,201
Net assets, beginning of year	28,873	--	--	28,873
Net assets, end of year	\$ 36,074	\$ --	\$ --	\$ 36,074

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

SARCO COMPANY, ON ALCOHOLISM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 7,282
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	1,331
Loss on fixed assets depreciation	328
Increase in grant receivable	< 3,382>
Decrease in accounts payable	< 254>
Increase in unearned income	360
Decrease in program advances	< 5,467>
Net cash provided from operating activities	58

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	< 6,977>
Net cash used by investing activities	< 6,977>
NET DECREASE IN CASH	< 6,943>
CASH - DECEMBER 31, 1996	17,374
CASH - JUNE 30, 1997	\$ 10,431

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

BOYOS COUNCIL ON ALCOHOLISM, INC.
Notes to Financial Statements
Period Ended June 30, 1997

AI. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The Boyos Council on Alcoholism, Inc. (BOCA), [the Council] serves Lafourche Parish and surrounding cities and parishes under the name Boyos 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. For the period ended June 30, 1997, Community Awareness also included a program to prevent minors from being able to purchase cigarettes. Through its Families in Focus Program, BOCA 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 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.

The Parenting Education Program was started by the Boyos Council on Alcoholism, Inc. during the six months ended June 30, 1997. This 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. For the period ended June 30, 1997, this program was funded by a grant from the United Way.

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 \$150. 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)

RESTRICTIONS:

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 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 \$200. 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 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 services

classifications based primarily on time sheets submitted by employees and in some cases on estimates made by the organization's management. Wherever 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 Rapan Council on Alcoholism, Inc. an advanced ruling letter exempting the Council from income taxes. (See Note C)

B) FINANCIAL STATEMENTS PRESENTATION AND FINANCIAL REPORTING:

In 1998, 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, 1997.

BOCA also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1998. 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, 1997.

C) INCOME TAXES

The Rapan 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