

**Tangipahoa Alcohol and Drug Abuse
Council, Inc.**

Annual Financial Statements

**As of and for the Years Then Ended
June 30, 2010 and 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 3/2/11

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Annual Financial Statements
As of and for the Years Ended June 30, 2010 and 2009
With Supplemental Information Schedules

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Independent Auditor's Report

To the Members of the Administrative Board
Tangipahoa Alcohol and Drug Abuse Council, Inc.
Hammond, Louisiana

We have audited the accompanying financial statement of financial position of the Tangipahoa Alcohol and Drug Abuse Council, Inc. (a non-profit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tangipahoa Alcohol and Drug Abuse Council, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Members of the Administrative Board
Tangipahoa Alcohol and Drug Abuse Council, Inc.
Hammond, Louisiana

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010 on our consideration of the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Bruce Harrell & Co." with a period at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

December 17, 2010

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Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Financial Position
As of June 30, 2010 and 2009

| | 2010 | 2009 |
|---|------------|------------|
| Assets | | (Restated) |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 94,760 | \$ 67,031 |
| Receivables, Net | 22,611 | 46,587 |
| Prepaid Insurance | 2,229 | 2,232 |
| Total Current Assets | 119,600 | 115,850 |
| Property, Plant, and Equipment | | |
| Land | - | - |
| Property, Plant and Equipment, Net | 1,885 | 5,945 |
| Total Property, Plant, and Equipment | 1,885 | 5,945 |
| Total Assets | \$ 121,485 | \$ 121,795 |
| Liabilities | | |
| Current Liabilities (Payable From Current Assets): | | |
| Accrued Payables | \$ 21,146 | \$ 27,856 |
| Total Current Liabilities (Payable From Current Assets) | 21,146 | 27,856 |
| Total Liabilities | 21,146 | 27,856 |
| Net Assets | | |
| Unrestricted | 100,339 | 93,939 |
| Temporarily Restricted | - | - |
| Permanently Restricted | - | - |
| Total Net Assets | 100,339 | 93,939 |
| Total Liabilities and Net Assets | \$ 121,485 | \$ 121,795 |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Activities
For the years ended June 30, 2010 and 2009

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Totals | |
|--|-------------------|---------------------------|---------------------------|-------------------|--------------------|
| | | | | 2010 | 2009 (Restated) |
| Operating Revenues | | | | | |
| Public Support | | | | | |
| Program Revenues: | | | | | |
| Louisiana Department of Health and Hospitals | | | | | |
| Florida Parishes Human Services Authority (FPHSA): | | | | | |
| Life Skills Training Contracts | \$ - | \$ 184,140 | \$ - | \$ 184,140 | \$ 176,550 |
| Region IX SYNAR Contract | - | 17,500 | - | 17,500 | 15,000 |
| Clinic Enrichment Program | - | 6,516 | - | 6,516 | 4,439 |
| Alcohol Education Program | - | 1,700 | - | 1,700 | - |
| Louisiana's Children's Trust Fund | - | - | - | - | 3,721 |
| Louisiana Tobacco Free Living - (TFL) | | | | | |
| TFL - Community | - | - | - | - | 13,009 |
| Louisiana Tobacco Control Program - (LTCP) | - | 2,579 | - | 2,579 | 20,964 |
| Louisiana's Governor's Office for Safe and Drug Free Schools (SDFSC) | - | 7,288 | - | 7,288 | 23,014 |
| Hammond City Court Juvenile Services | | | | | |
| Youth Anger Management - Skills for Managing Anger (SMA) | - | 9,222 | - | 9,222 | 14,151 |
| VITA - ETIC Grant | - | - | - | - | 5,690 |
| Contributions | | | | | |
| Tangipahoa United Way | - | 1,068 | - | 1,068 | 880 |
| General | 592 | - | - | 592 | 5,909 |
| In Kind - Rent and Other | 55,165 | - | - | 55,165 | 46,751 |
| Other | 7,678 | - | - | 7,678 | 10,992 |
| Investment Income | 237 | - | - | 237 | 450 |
| Net Assets released from restrictions | 230,013 | (230,013) | - | - | - |
| Total Operating Revenues | <u>293,685</u> | <u>-</u> | <u>-</u> | <u>293,685</u> | <u>341,520</u> |
| Operating Expenses | | | | | |
| Program Services | 213,340 | - | - | 213,340 | 266,049 |
| Management and General | 72,031 | - | - | 72,031 | 60,399 |
| Fund Raising | 1,914 | - | - | 1,914 | - |
| Total Operating Expenses | <u>287,285</u> | <u>-</u> | <u>-</u> | <u>287,285</u> | <u>326,448</u> |
| Change in Net Assets from Operations | <u>6,400</u> | <u>-</u> | <u>-</u> | <u>6,400</u> | <u>15,072</u> |
| Change in Net Assets | 6,400 | - | - | 6,400 | 15,072 |
| Total Net Assets, Beginning | 103,557 | - | - | 103,557 | 78,867 |
| Prior Period Adjustments to Beginning Net Assets | (9,618) | - | - | (9,618) | - |
| Total Net Assets, Beginning, adjusted | <u>93,939</u> | <u>-</u> | <u>-</u> | <u>93,939</u> | <u>78,867</u> |
| Total Net Assets, Ending | <u>\$ 100,339</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 100,339</u> | <u>\$ 93,939</u> |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Functional Expenses
For the year ended June 30, 2010

| | Florida Parishes Human Services Authority | | | Family Resource Center | Louisiana Tobacco Control Program | Youth Anger Management SMA | Total Program Services | Management and General | Fund Raising | Total |
|-------------------------|---|-------------------|---------------------------|------------------------|-----------------------------------|----------------------------|------------------------|------------------------|-----------------|-------------------|
| | Life Skills Training | SYNAR IX Contract | Clinic Enrichment Program | | | | | | | |
| Expenses | | | | | | | | | | |
| Salaries and Wages | \$ 43,997 | \$ 7,822 | \$ 5,866 | \$ 6,844 | \$ 2,933 | \$ 2,933 | \$ 70,395 | \$ 26,398 | \$ 978 | \$ 97,771 |
| Employee Benefits | 5,022 | 893 | 670 | 781 | 335 | 335 | 8,036 | 3,011 | 112 | 11,159 |
| Contract Services | 44,827 | 4,483 | 3,842 | - | - | 6,404 | 59,556 | 4,482 | - | 64,038 |
| Depreciation | 1,421 | 406 | 406 | 406 | 203 | 406 | 3,248 | 812 | - | 4,060 |
| Food Supplies | 275 | - | - | - | - | 824 | 1,099 | 825 | 824 | 2,748 |
| Insurance | 2,500 | 313 | - | 313 | 313 | 313 | 3,752 | 2,498 | - | 6,250 |
| Office Supplies | 2,172 | 66 | 66 | 165 | 99 | 66 | 2,634 | 657 | - | 3,291 |
| Printing | 3,318 | 553 | 553 | - | - | 553 | 4,977 | 553 | - | 5,530 |
| Professional Fees | 4,520 | 565 | 565 | 565 | 565 | 565 | 7,345 | 3,955 | - | 11,300 |
| Rent - In Kind | 15,200 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 24,700 | 13,300 | - | 38,000 |
| Repairs and Maintenance | 1,538 | 308 | 308 | 923 | 308 | 308 | 3,693 | 2,458 | - | 6,151 |
| Supplies | 5,404 | 68 | 68 | 1,081 | 68 | 68 | 6,757 | 6,753 | - | 13,510 |
| Telephone | 1,913 | 362 | 52 | 517 | 207 | 52 | 3,103 | 2,068 | - | 5,171 |
| Travel | 1,745 | 121 | - | - | 73 | - | 1,939 | 484 | - | 2,423 |
| Utilities - In Kind | 1,800 | 300 | 300 | 1,200 | 300 | 300 | 4,200 | 1,800 | - | 6,000 |
| Other | 3,953 | 494 | 494 | 1,977 | 494 | 494 | 7,906 | 1,977 | - | 9,883 |
| Total Expenses | \$ 139,605 | \$ 18,654 | \$ 15,090 | \$ 16,672 | \$ 7,798 | \$ 15,521 | \$ 213,340 | \$ 72,031 | \$ 1,914 | \$ 287,285 |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Functional Expenses
For the year ended June 30, 2009

| | Florida Parishes Human Services Authority | | | Family Resource Center | Family Life Conference | Louisian a Tobacco Free Living Community | Louisiana Tobacco Control Program | Youth Anger Management SMA | Total Program Services | Management and General | (Restated) Total |
|-------------------------|---|---------------------------|------------------------|------------------------|------------------------|--|-----------------------------------|----------------------------|------------------------|------------------------|-------------------|
| | SYNAR IX Contract | Clinic Enrichment Program | Family Resource Center | | | | | | | | |
| | Life Skills Training | | | | | | | | | | |
| Expenses | | | | | | | | | | | |
| Salaries and Wages | \$ 72,573 | \$ 4,354 | \$ 4,354 | \$ 10,160 | \$ 4,354 | \$ 11,612 | \$ 11,612 | \$ 4,354 | \$ 123,373 | \$ 21,773 | \$ 145,146 |
| Employee Benefits | 8,043 | 483 | 483 | 1,126 | 483 | 1,287 | 1,287 | 483 | 13,675 | 2,410 | 16,085 |
| Contract Services | 9,865 | 4,932 | 4,932 | - | - | - | - | 9,865 | 29,594 | 3,289 | 32,883 |
| Depreciation | 819 | 410 | 410 | 410 | 410 | 205 | 205 | 410 | 3,279 | 816 | 4,095 |
| Food Supplies | 289 | - | - | - | 433 | - | - | 433 | 1,155 | 288 | 1,443 |
| Insurance | 2,742 | 343 | - | 343 | - | - | 343 | 343 | 4,114 | 2,740 | 6,854 |
| Office Supplies | 1,715 | 86 | 86 | 214 | 643 | 300 | 300 | 86 | 3,430 | 858 | 4,288 |
| Printing | 2,896 | 193 | - | - | - | 3,861 | 193 | 579 | 7,722 | 1,931 | 9,653 |
| Professional Fees | 2,445 | 408 | 408 | 408 | 815 | 408 | 408 | 408 | 5,708 | 2,442 | 8,150 |
| Rent - In Kind | 13,300 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 26,600 | 11,400 | 38,000 |
| Repairs and Maintenance | 1,463 | 209 | 209 | 209 | 209 | 418 | 418 | 209 | 3,344 | 835 | 4,179 |
| Supplies | 9,461 | 237 | 473 | 473 | 473 | 7,096 | 473 | 237 | 18,923 | 4,730 | 23,653 |
| Telephone | 2,185 | 340 | - | 486 | - | 194 | 194 | - | 3,399 | 1,457 | 4,856 |
| Travel | 4,239 | 606 | - | - | - | 1,211 | 3,633 | - | 9,689 | 2,422 | 12,111 |
| Utilities - In Kind | 1,440 | 240 | 240 | 960 | 240 | 240 | 240 | 240 | 3,840 | 960 | 4,800 |
| Other | 3,076 | 513 | 513 | 2,050 | 513 | 513 | 513 | 513 | 8,204 | 2,048 | 10,252 |
| Total Expenses | \$ 136,551 | \$ 15,254 | \$ 14,008 | \$ 18,739 | \$ 10,473 | \$ 29,245 | \$ 21,719 | \$ 20,060 | \$ 266,049 | \$ 60,399 | \$ 326,448 |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Cash Flows
For the years ended June 30, 2010 and 2009

| | 2010 | 2009 |
|--|-------------|-------------------|
| Cash Flows From Operating Activities | | (Restated) |
| Change in Net Assets | \$ 6,400 | \$ 15,072 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 4,060 | 4,095 |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in receivables | 23,976 | (6,838) |
| (Increase) decrease in other assets | 3 | 326 |
| Increase (decrease) in accrued payables | (6,710) | 15,562 |
| Net Cash Provided by (Used by) Operating Activities | 27,729 | 28,217 |
| Net Cash Increase (Decrease) in Cash and Cash Equivalents | 27,729 | 28,217 |
| Cash and Cash Equivalents, Beginning of Year | 67,031 | 38,814 |
| Cash and Cash Equivalents, End of Year | \$ 94,760 | \$ 67,031 |
| Supplemental disclosures of cash flow information | | |
| Cash paid during the year for interest | \$ - | \$ - |
| Cash paid during the year for income taxes | \$ - | \$ - |

The accompanying notes are an integral part of this statement.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009

Introduction

The Tangipahoa Alcohol and Drug Abuse Council, Inc., (TADAC) (the Organization) is a non-profit 501(c)3 agency and operates a community-based alcohol, tobacco and other drug prevention program in Hammond, Louisiana. Formerly known as the Substance Abuse Advisory Council (SAAC), TADAC was formed by a group of concerned citizens on October 21, 1983. Initially the group focused on getting information to the public regarding twelve step programs in the area, training individuals in intervention techniques and disseminating prevention materials and information.

The Organization's mission has expanded to include programs and services that strengthen and empower families to confront the many challenges in our society that can potentially harm adults and children alike. These include the development of over twenty alcohol, tobacco and other drug prevention education classes; several evidence based model prevention programs for students; anger management classes for adults and young people; nearly twenty-five parent enrichment classes; major awareness campaigns such as the National Red Ribbon Campaign; the Summer FUN Guide and Summer FUNtastic program; the Miller Memorial Library Family Resource Center; and The Mouse Pad public use computer lab.

Tangipahoa Alcohol and Drug Abuse Council, Inc. operates the following programs to accomplish its mission:

- The Life Skills Training Program funded through the Florida Parishes Human Services Authority provides social services for work with youth ages 6 to 18 and their families to provide research based interventions which address identified risk and protective factors that work towards the prevention and reduction of addictive disorders and other risky behavior.
- The SYNAR Project funded through the Florida Parishes Human Services Authority provides social services to reduce tobacco sales to minors in five parishes, working with youth ages 14 to 18 to provide research-based interventions which address identified risk and protective factors that work towards the prevention and reduction of addictive disorders and other risky behaviors. Part of this project includes tobacco merchant education through staged youth purchase attempts of tobacco products and regional quarterly coalition meetings.
- The Clinic Enrichment Program funded through the Florida Parishes Human Services Authority assists in the client's substance abuse treatment using components of treatment models that are research based and outcome oriented. The program utilizes structured training and education sessions for individuals with addictive disorders in need of physical, mental, and emotional rehabilitation at four locations including Amite, Hammond, Greensburg, and Livingston Louisiana. The purpose of the program is to provide the treatment services necessary for individuals with addictive disorders to maintain a lifestyle free from the harmful effects of addiction.
- Louisiana Tobacco Control Program provides programs to reduce use of tobacco to students in grades six to ten in Tangipahoa Parish by conducting youth education and data analysis.
- Skills for Anger Management provides a youth oriented program to receive services through workshops focused on coping with stress and anger.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009

- The Alcohol Education Program is a fee based program providing monthly education classes for youth receiving underage possession and purchase citations.

1. Summary of Significant Accounting Policies

A. Restrictions on Net Assets

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

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

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes.

B. Comparative Information and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

D. Cash and Cash Equivalents

The Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009

E. Investments

Investments are reported at fair value. Investment income classified as operating revenue consists of interest and dividend income on investments and gains approved for use in operations. All other realized and unrealized gains or losses are classified as nonoperating activity and are available to support operations in future years and to offset potential market declines. Investments classified as current are available for operations in the next fiscal year.

Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. Debt is valued at rates currently available to the Organizations for issuances with similar terms and remaining maturities.

F. Inventories and Prepaid Items

All inventories, when held, are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities. The Organization maintains a threshold level of \$500 or more for capitalization of property and equipment.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capitalized assets, other than land, are depreciated using the straight-line method over their estimated useful lives ranging from three to ten years.

H. Revenue Recognition

Contributions, which include unconditional promises to give (pledges) are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Organization reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009

Product or service revenue is generally recognized upon delivery of the product or services to the customer.

Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

I. Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. There are several volunteers, which donate time in the organization's programs and supporting services, however, due to the lack of an objective basis to measure the value of these non-specialized services, no contributed service revenue has been recorded in these instances.

Donated materials are recorded at their fair value at the date of the gift. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

J. Income Taxes

The Tangipahoa Alcohol and Drug Abuse Council, Inc. is a not-for-profit Organization. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities.

2. Cash and Cash Equivalents

Cash and cash equivalents were as follows at June 30, 2010 and 2009

| | 2010 | 2009 |
|-------------------------------|-----------|-----------|
| Demand Deposits | \$ 2,340 | \$ 19,347 |
| Money Market Savings Accounts | 92,420 | 47,684 |
| | \$ 94,760 | \$ 67,031 |

The Organization held funds at one bank at June 30, 2010. Funds did not exceed Federal Deposit Insurance limits.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009

3. Receivables and Revenues

Receivables as of June 30, 2010 and 2009

| | 2010 | 2009 |
|--|-----------|-----------|
| Florida Parishes Human Services Authority | \$ 21,657 | \$ 23,574 |
| Louisiana Children's Trust Fund | - | 3,721 |
| Louisiana's Governor's Office for Safe and Drug Free Schools | - | 12,177 |
| Louisiana Tobacco Free Living | - | 1,009 |
| Other | 954 | 6,106 |
| | \$ 22,611 | \$ 46,587 |

The work produced and services provided through the use of revenues received can be seen through the statement of functional expenses by program on page 8 and a description of each program can be found in the introduction on pages 11 and 12 of this report.

4. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2010 and 2009

| | 2010 | 2009 |
|--|----------|----------|
| Land | \$ - | \$ - |
| Buildings and improvements | - | - |
| Furniture and Equipment | 61,331 | 61,331 |
| Total cost of assets placed in service | 61,331 | 61,331 |
| Less accumulated depreciation | (59,446) | (55,386) |
| Property and equipment, net | \$ 1,885 | \$ 5,945 |

A significant portion of the above fixed assets was acquired with restricted assets and title to this property and equipment may revert to the State of Louisiana should the Organization cease operations. Fixed assets on loan for the Organization's temporary use, including library books, library equipment, and kitchen appliances, are not included in fixed assets as other parties retain title to these items. In-kind contribution revenue for the Organization's use of these items is not reasonably estimable and not provided for.

The Organization does not own its current building and is afforded donated use of the building on an indefinite basis.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009

5. Donated Services

During the fiscal years ending June 30, 2010 and 2009 volunteer workers donated an estimated 5,679 and 4,687 hours of time respectively, which is not reflected in the accompanying financial statements because no objective basis is available to measure its value. The estimated value based on minimum wage rates, which is not recorded in the accompanying financial statements totals \$41,169 and \$30,700 for the fiscal years ending June 30, 2010 and 2009 respectively.

Office space, utilities and maintenance were donated to the Tangipahoa Alcohol and Drug Abuse Council, Inc. by the City of Hammond for the fiscal year ending June 30, 2010 with estimated fair values as follows: rent \$38,000, utilities \$6,000 and maintenance services of \$3,600. Various other organizations donated publications to the Organization with an estimated value of \$1,075. Software was sold to the organization at a discounted rate by Microsoft imputing a donated value of \$6,490 below market value which has been recorded as a contribution and supplies expense in these financial statements.

6. Compensated Absences

Vacation days are earned at the rate of one half days per semi-monthly pay period that an employee satisfactorily completes work. No more than ten vacation days may be carried over from one calendar year to another. Compensation for days remaining is not paid upon termination of employment. No liability is recognized for unpaid accrued vacation time.

7. Accrued Payables

Accrued Payables as of June 30, 2010 and 2009

| | 2010 | 2009 |
|---------------------------|-----------|-----------|
| Salaries and Bonuses | \$ - | \$ 9,618 |
| Other Payroll Liabilities | 14,636 | 2,597 |
| Professional Fees | 5,250 | 13,500 |
| United Way Deduction | 1,260 | 2,141 |
| | \$ 21,146 | \$ 27,856 |

8. Allocation of Expenses

In some instances, common expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated as agreed by the funding organizations or, in the absence of an agreement, on the basis which appears most reasonable to the Tangipahoa Alcohol and Drug Abuse Council, Inc.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2010 and 2009

9. Concentrations

For the fiscal year ended June 30, 2010, \$209,856 or approximately 71 percent of the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s revenues was derived from grants through the Louisiana Department of Health and Hospitals Florida Parishes Human Services Authority.

10. Commitments and Contingencies

The Organization receives a substantial amount of its support for its programs of providing assistance to those in need through contributions and grants from other public entities. These funding sources are subject to limitations including time, funding levels, and changes in law that could affect the level of funding received.

At June 30, 2010, the Organization was not involved in any outstanding litigation or claims.

11. Prior Period Adjustment

An accrual for the employee bonuses for the fiscal year ending June 30, 2009 has been recorded as an adjustment to *beginning net assets as an accrued bonus and an increase to employee expenses of \$9,618.*

Supplemental Information

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2010 and 2009**

Compliance

Finding Number: 2009-C1

Criteria: The Tangipahoa Alcohol and Drug Abuse Council (the Council) is subject to audit requirements as defined in Revised Statutes 24:513(A) when it receives public funds, and in addition is subject to audit requirements of the Louisiana Department of Health and Hospitals when it receives state and federal grant funding. Both the Louisiana Legislative Auditor and the Department of Health and Hospitals may set higher standards than contained in the applicable statutes or agency requirements. An audit engagement was required for the two fiscal years ending June 30, 2008, and June 30, 2009.

Condition: The Council was not aware that financial reports were due for fiscal years 2007 through 2009, and did not file the required reports. The 2010 report was filed prior to the filing deadline.

Effect: The Council must file required reports with the Louisiana Legislative Auditor no later than six months from the end of its fiscal year. Failure to file reports could subject the Council to legal sanctions for non-reporting and could jeopardize funding through the Louisiana Department of Health and Hospitals.

Recommendation:

We recommended that the Council communicate with both the Louisiana Legislative Auditor and the Louisiana Department of Health and Hospitals to determine the level of financial reporting required for the Fiscal Year Ending June 30, 2010, obtain an engagement letter as required, and ensure that the engagement is approved by the above agencies.

Response by Management:

We have complied with the auditor's recommendations for the fiscal year ending June 30, 2010.

Anticipated Completion Date:

We will comply with the recommendations by December 31, 2010.

Corrective Action Taken: Final

Contact Person:

Mr. Calvin Kaul, Board President
(985) 345-5493

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2010 and 2009**

Internal Control

Finding Number: 2009-11

Type Finding: Significant Deficiency not Material to the Financial Statements.

Criteria: The Tangipahoa Alcohol and Drug Abuse Council (the Council) must demonstrate that activities related to financial management are reasonably reported and accurately reported.

Condition: With all smaller agencies, there will be limited segregation of duties for recording and reporting financial transactions. For the Council, the Executive Director, in addition to management duties, is involved in financial input and reporting. The Council has responded to this condition with the following actions:

1. Dual signatures required on checks, including signature by board members.
2. Review by a board member of monthly financial reports.

Per our review during the audit of the fiscal year ending June 30, 2010, dual signatures on checks are being utilized. Review by a board member of monthly financial reports is still in the implementation progress. A board member has been appointed for the review, however the logistics of facilitating the review are still in progress.

Effect: The Council must demonstrate that the level of control is adequate for authorization and reporting of receipts and disbursement transactions.

Recommendations: In addition to the controls in place, we recommended the following in the previous audit:

- Adopt a timetable for completion of monthly financial reports to ensure financial reports are presented to the board on a timely basis.
- Have the board review and signoff, or designate a board member for review and sign-off, of monthly bank reconciliations, monthly cash registers, and monthly check and invoice registers.
- Periodically unannounced review by designated board member of detailed general ledger for vendors paid for reasonableness.

In addition to continuing progress towards the recommendations made in the previous audit, we also recommend the following:

- Organizing a board approved per hour pay rate file for each employee to facilitate the analysis conducted by the designated board member to cross reference to the pay rate data in the Quickbooks accounting system during periodic reviews.
- A second file could also be used to track contracted rates by contracted individual for services provided by contractors as contractors are becoming a greater organizational costs overall for use during board review.

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2010 and 2009**

- Improve the reconciliation and monitoring process over payroll liabilities. There are beginning balance liabilities carried forward in the Quickbooks general ledger which do not correlate with the ending audited balances from the June 30, 2009. We recommend reconciling these liabilities with your payroll records to ensure timely payment of taxes owed and accurate recording of liabilities.

Response by Management: We will fully implement the above recommendations no later than December 31, 2011.

Corrective Action Taken: Partial

Contact Person:

Mr. Calvin Kaul, Board President
(985) 345-5493

Management Letter

There were no management findings for the fiscal year ending June 30, 2009.

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2010 and 2009**

Compliance

There were no compliance findings for the fiscal year ending June 30, 2010.

Internal Control

There were no internal control findings for the fiscal year ending June 30, 2010.

Management Letter

There were no management findings for the fiscal year ending June 30, 2010.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To Members of the Administrative Board
Tangipahoa Alcohol and Drug Abuse Council, Inc.
108 South Pine Street
Hammond, Louisiana

We have audited the basic financial statements of the Tangipahoa Alcohol and Drug Abuse Council, Inc. (a nonprofit organization), as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated December 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Alcohol and Drug Abuse Council, Inc.'s internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

To the Members of the Administrative Board
Tangipahoa Alcohol and Drug Abuse Council, Inc.
108 South Pine Street
Hammond, Louisiana
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Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described as Finding Number 2009-11 in the accompanying *Summary Schedule of Prior Year Audit Findings*, that we consider to be significant deficiencies in internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended for the information of management and the Louisiana Legislative Auditor, the Board of Directors and the federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

December 17, 2010