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BAYOU COUNCIL ON ALCOHOLISM, INC.
FINANCIAL STATEMENTS
AND AUDITOR'S REPORT
AND REPORTS ON INTERNAL CONTROL
AND OTHER COMPLIANCE REPORTS
DECEMBER 31, 1995

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and Evaluation made as part of report is a public document. A	
Financial Statements and the copy of the report has been submit-	
Required by OMB Circular A-133 ted to the audited, or reviewed,	

~~copy of the report has been submit-~~
ted to the audited, or reviewed,
entity and other appropriate public
officials. The report is available for
public inspection at the Baton
Rouge office of the Legislative Audi-
tor and, where appropriate, at the
office of the parish clerk of court.

Release Date 9-4-96

BAYOU COUNCIL ON ALCOHOLISM, INC.

DECEMBER 31, 1995

FINANCIAL STATEMENTS

AND

AUDITOR'S REPORT

Joseph P. Kolwe

Certified Public Accountant

(A Professional Corporation)

102 B East Bayou Road (Hwy. 308) • Thibodaux, Louisiana 70301 • (504)447-5474 • Fax(504)447-5476

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

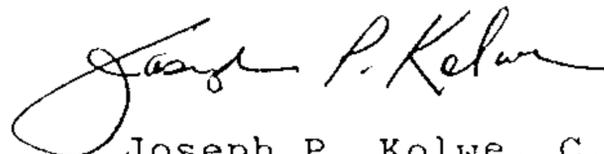
To the Board of Directors of
Bayou Council on Alcoholism, Inc.

I have audited the accompanying balance sheet of Bayou Council on Alcoholism, Inc. (a non-profit organization) doing business as Bayou Council on Alcoholism and Drug Abuse, as of December 31, 1995, and the related statements of support, revenue and expenses, and the statement of functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Louisiana Governmental Audit Guide, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayou Council on Alcoholism, Inc. as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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



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

Thibodaux, LA
June 26, 1996

BAYOU COUNCIL ON ALCOHOLISM, INC.
BALANCE SHEET
DECEMBER 31, 1995

	<u>Current Funds</u> <u>Unrestricted</u>	<u>Funds</u> <u>Restricted</u>	<u>Equipment</u> <u>Fund</u>	<u>Total</u>
<u>Assets</u>				
Cash	\$21,344	\$ 1,995	\$ --	\$23,339
Grants receivable (Note D)	--	8,679	--	8,679
Equipment at cost or donated value less accumulated depreciation of \$6,750 (Note H)	--	--	5,423	5,423
Prepaid workbook/supplies	--	1,887	--	1,887
Other	400	--	--	400
	-----	-----	-----	-----
TOTAL	\$21,744	\$12,561	\$5,423	\$39,728
	=====	=====	=====	=====
<u>Liabilities and Fund</u> <u>Balance</u>				
Unearned income (Note I)	\$ 500	\$ --	\$ --	\$ 500
Program advances (Note J)	--	5,467	--	5,467
	-----	-----	-----	-----
	\$ 500	\$ 5,467	\$ --	\$ 5,967
Fund Balance	21,244	7,094	5,423	33,761
	-----	-----	-----	-----
TOTAL	\$21,744	\$12,561	\$5,423	\$39,728
	=====	=====	=====	=====

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

BAYOU COUNCIL ON ALCOHOLISM, INC.
 STATEMENT OF SUPPORT, REVENUE, AND EXPENSES
 AND CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 1995

	<u>Current Funds</u>		<u>Equipment</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Fund</u>	
Public support and revenue:				
Public support: (Note E)				
Grants from government agencies	\$ 12,550	\$ 89,336	\$ --	\$101,886
United Way grant	26,000	--	--	26,000
Other contributions	395	--	--	395
Donated services (Note L)	5,185	--	--	5,185
	-----	-----	-----	-----
Total public support	\$ 44,130	\$ 89,336	\$ --	\$133,466
	-----	-----	-----	-----
Revenue:				
AIS school	\$ 40,600	\$ --	\$ --	\$ 40,600
Interest income	704	--	--	704
Membership dues	2,575	--	--	2,575
EAP program	5,810	--	--	5,810
Miscellaneous	106	--	--	106
	-----	-----	-----	-----
Total revenue	\$ 49,795	\$ --	\$ --	\$ 49,795
	-----	-----	-----	-----
Total support and revenue	\$ 93,925	\$ 89,336	\$ --	\$183,261
	-----	-----	-----	-----
Expenses:				
Program services:				
Community awareness	\$ --	\$102,672	\$ --	\$102,672
AIS school	30,337	--	--	30,337
	-----	-----	-----	-----
Total program services	30,337	102,672	--	133,009
Management and general	29,870	24,142	1,267	55,279
	-----	-----	-----	-----
Total expenses	\$ 60,207	\$126,814	\$ 1,267	\$188,288
	-----	-----	-----	-----
Excess (deficit) of public support and revenue over expenses	\$ 33,718	\$ <37,478>	\$ <1,267>	\$ < 5,027>
Other changes in fund balances				
Transfer to restricted fund	<36,000>	36,000	--	--
Transfer to equipment fund	< 3,987>	--	3,987	--
Fund balance, beginning	27,513	8,572	2,703	38,788
	-----	-----	-----	-----
Fund balance, ending	\$ 21,244	\$ 7,094	\$ 5,423	\$ 33,761
	=====	=====	=====	=====

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

BAYOU COUNCIL ON ALCOHOLISM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 1995

	<u>Program Services</u>		<u>Management and General</u>	<u>Total</u>
	<u>Community Awareness</u>	<u>Alcohol Information School</u>		
Salaries	\$ 45,331	\$12,756	\$28,607	\$ 86,694
Employee health insurance	--	--	3,600	3,600
Payroll taxes, etc.	5,254	1,478	3,316	10,048
Other	2,848	462	--	3,310
	-----	-----	-----	-----
Total salaries and related expenses	\$ 53,433	\$14,696	\$35,523	\$103,652
Instructors/Consultant/ Facilitators	20,530	4,600	--	25,130
Donated services	--	--	5,185	5,185
Supplies - office	703	475	2,200	3,378
Telephone	3,658	968	994	5,620
Postage	1,672	619	793	3,084
Rent	2,460	2,920	720	6,100
Rent-equipment	--	--	1,738	1,738
Travel	653	236	933	1,822
Printing and publication	1,950	421	--	2,371
Security fee	--	1,530	--	1,530
Accounting	3,194	878	1,158	5,230
Educational supplies, films, workshops	1,775	1,730	169	3,674
Utilities	2,033	568	686	3,287
Repairs & maintenance	--	621	321	942
Miscellaneous	1,740	75	1,364	3,179
Other insurance	--	--	1,658	1,658
Dues	1,154	--	570	1,724
Direct Costs-High Risk Youth Program	1,842	--	--	1,842
Direct Costs-Employee Assistance Program	5,875	--	--	5,875
	-----	-----	-----	-----
Total expenses before depreciation	\$102,672	\$30,337	\$54,012	\$187,021
Depreciation	--	--	1,267	1,267
	-----	-----	-----	-----
Total	\$102,672	\$30,337	\$55,279	\$188,288
	=====	=====	=====	=====

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

BAYOU COUNCIL ON ALCOHOLISM, INC.
Notes to Financial Statements
Year Ended December 31, 1995

A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the accrual basis and are prepared in accordance with the recommendations of the American Institute of Certified Public Accountants in its audit guide, Audits of Voluntary Health and Welfare Organizations. The Council capitalizes fixed assets in excess of \$200; the fair value of donated fixed assets are similarly capitalized. Depreciation is provided over the estimated useful lives of the assets. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Grants and awards from donors are recorded when the Council is notified of the grant or award. Some grants are for the reimbursement of qualified expenses and said grants income is recorded as restricted funds when the qualified expenditure has been made. Policies concerning donated services and materials are disclosed in Note F.

Other significant accounting policies are as follows:

Fund Accounting

Fund Accounting is utilized for the report presentation. Funds over which Board of Director has discretionary control have been included in the current unrestricted fund. Funds available for use but expendable only for operating purposes specified by the grantor have been included in the current restricted fund. The current unrestricted fund also includes the operations of the Alcohol Information School (AIS) program (an education program taught to individuals charged with operating a vehicle while under the influence of alcohol or other drugs.)

The current restricted fund for 1995 received funds designated to be used in connection with the Council's Community Awareness Programs. The Community Awareness Programs includes general community awareness type programs on information for prevention as well as a specific sub program titled Families in Focus and a program for high risk youths.

The equipment fund includes office equipment and furniture and fixtures, that have been capitalized under the capitalization policy, and the related accumulated depreciation.

Allocated Expenses

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.

Income Taxes

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

B) BAYOU COUNCIL ON ALCOHOLISM AND DRUG ABUSE

The Bayou Council on Alcoholism, Inc. serves Lafourche Parish and surrounding cities and parishes under the name Bayou Council on Alcoholism and Drug Abuse. It serves this area in 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. The Council provides information to schools and the general public on alcohol and drugs through its Community Awareness Program. The Community Awareness Program is funded through grants from the United Way and through the State of Louisiana reimbursement of qualified expenses with funds the State has received from Federal Block Grants. Also, unrestricted grants received from the Lafourche Parish Council have been designated by the Board for use in operating the community awareness programs.

The Council also operates an Alcohol Information School (AIS). Attendees of the AIS school are mostly local 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.

C) INCOME TAXES

The Bayou Council on Alcoholism, Inc. is a non-profit corporation organized under the laws of the State of Louisiana. The Council has been recognized by the Internal Revenue Service as being exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Internal Revenue Service has further determined the Council not to be a private foundation as within the meaning of Internal Revenue Code Section 509(a). Contributions to the Council are deductible as provided by Section 170 of the Internal Revenue Code. The Council is not involved in any trade or businesses unrelated to the purpose for which it received its exemption from income taxes.

D) GRANTS RECEIVABLE

As of December 31, 1995, the Council had a grant receivable from the State of Louisiana Department of Health and Hospitals in the amount of \$8,679. 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.

E) PUBLIC SUPPORT

Grants from Governmental Agencies

During calendar year 1995, the Council recognized as support the funding it received from the Louisiana Department of Health and Hospitals by means of reimbursement of qualified expenses. The grants were part of a Federal Block Grant received by the State. In 1995, the Council received \$42,987 in connection with the grant period July 1, 1994, through June 30, 1995, and \$46,349 in connection with the grant period July 1, 1995, through June 30, 1996. The total recognized under both grants for expenditures incurred in 1995 was \$89,336.

During 1995, the Council received \$2,550 in funding from the City Court of Thibodaux. The Council also received \$10,000 in funding from the Lafourche Parish Council. There were no restrictions on the City Court of Thibodaux grant nor the Lafourche Parish Council grant and, therefore, they are included as unrestricted funds when received. The Board later decided to use the Lafourche Parish Grant in its Community Awareness Program and therefore transferred the \$10,000 to the restricted fund.

For the period January 1, 1996, through June 30, 1996, the Council's grant with the State provides for reimbursing up \$41,115 of qualifying expenses.

United Way

During 1995, the Council received \$26,000 in support from the United Way. The support was designated by the United Way to be used for Core funding. As such, the Council included the \$26,000 as unrestricted funds when received. The Board later decided to use those funds in the Community Awareness Program and therefore transferred the \$10,000 to the restricted fund. The United Way also awarded the Council with a \$5,000 "Venture Grant" to be used to extend the Council's Families in Focus program into Assumption Parish. However, the grant was not funded in 1995 by the United Way nor was the program instituted in Assumption Parish by December 31, 1995.

F) DONATED EQUIPMENT, MATERIALS, AND SERVICES

The Council's policy is to record donated material and equipment as contributions in the accompanying statements at their estimated values on the date received. During 1995, however, the Council did not receive any donated material and equipment that was valued at an amount, that warrant 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 and during 1995, the monthly rental amount varied. On September 1, 1994, the Council entered into a contract to lease a copier for 48 months. Further lease obligations at December 31, 1995, were as follows:

1996	1,740
1997	1,740
1998	1,160 (8 months)
1999	--

The Council rents its main office on a month-to-month basis at a monthly rate of \$335 which totaled \$3,900 to rent its office space for 1995. The Council rents a facility in South Lafourche to hold some AIS schools and paid \$200 per class session for said facility. For all of 1995, the Council paid \$2,200 to rent said facility. AIS schools in Thibodaux are held in a room at a local high school and no rent is charged. A nominal amount is paid for janitorial services for using the Thibodaux high school room.

H) FIXED ASSETS

The Council's fixed assets are reflected in the Equipment Fund. The assets consist of office furniture, fixture, and equipment. The assets are depreciated over a five year life using straight-line depreciation. Fixed assets are recorded at historical cost for items purchased. Donated fixed assets are recorded as estimated fair market value and depreciated over their remaining useful lives.

I) 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.

J) PROGRAM ADVANCES

During 1995, the State of Louisiana Department of Health and Hospitals advanced the Council \$10,933 in connection with a grant that reimburses qualified expenditures made by the Council in operating its Community Awareness Programs. The advanced amount is repaid through a withholding of approximately one-twelfth of the advanced amount from the monthly reimbursement requests submitted during the year. The balance on the advance at December 31, 1995, \$5,467, is scheduled to be completely repaid by June 30, 1996.

K) SUBSEQUENT EVENTS

For 1996, the United Way has awarded the Council a \$30,000 grant to be used as Core Funding for various specified programs. The award is paid in monthly installments. As of the data of this request the council has received \$12,213 from United Way related to the 1996 Grant.

The Council is applying for a renewal of its state grant in connection with its Community Awareness Programs for the period July 1, 1996, through June 30, 1997. As of the date of this report, this grant has not been awarded.

L) DONATED SERVICES--LAFOURCHE PARISH COUNCIL ON AGING

During 1995, the Council received the services of a part time person on a fairly regular basis. The salary for this person was paid by the Lafourche Council on Aging with funds from a Federal Grant. The value of this person's services for 1995 was \$5,185 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.

BAYOU COUNCIL ON ALCOHOLISM, INC.

DECEMBER 31, 1995

SUPPLEMENTAL INFORMATION

BAYOU COUNCIL ON ALCOHOLISM, INC.
 Schedule of Federal Financial Assistance
 For the Year Ended December 31, 1995

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Disbursement Expenditures
Passed through Louisiana State Department of Health and Hos- pitals; Division of Alcohol and Drug Abuse			
Alcohol, Drug Abuse, and Mental Health Services Block Grant	93.992	See Below	\$89,336 =====
Pass through Grantor's number			
Grant period 7/1/94 - 6/30/95			
Department of Health and Hospital Division of Alcohol and Drug Abuse (Amount related to expenses incurred in calendar year 1995)		50,821 351.5024	\$42,987
Grant period 7/1/95 - 6/30/96			
Department of Health and Hospital Division of Alcohol and Drug Abuse (Amount related to expenses incurred in calendar year 1995)		55,098 351.6010	46,349
TOTAL			----- \$89,336 =====

BAYOU COUNCIL ON ALCOHOLISM, INC.
DECEMBER 31, 1995
REPORT ON INTERNAL ACCOUNTING CONTROLS
AND MANAGEMENT LETTER COMMENTS

Joseph P. Kolwe

Certified Public Accountant

(A Professional Corporation)

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REPORT ON INTERNAL ACCOUNTING CONTROLS MANAGEMENT LETTER COMMENTS

Board of Directors
Bayou Council on Alcoholism, Inc.

I have examined the financial statements of Bayou Council on Alcoholism, Inc. for the year ended December 31, 1995, and have issued my report thereon dated June 26, 1996. 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 judgements 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.

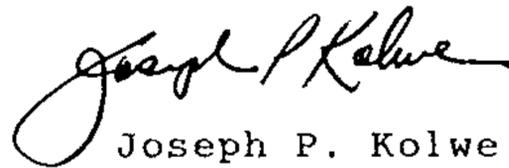
My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all reportable conditions nor all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Bayou Council on Alcoholism,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

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

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in my examination of the December 31, 1995, financial statements, and this report does not affect my report on these financial statements dated June 26, 1996.

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
June 26, 1996



Joseph P. Kolwe, C.P.A.
(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 AIS students directly are frequently the same persons with responsibility for posting the payments to other records, and have other cash receipts responsibilities. This type of internal control weakness is a material weakness and could result in irregularities which would be hard to detect since the same person handles all functions on some occasions.

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

II. Insurance

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

III. Rent

The Council currently leases its main office space under a written month-to-month lease. Considering the square footage involved, the Council appears to have an attractive lease rate. The Council should request that it be given three to six months notice before being required to move or before rate increases would be effective. This would afford the Council ample opportunity to consider other locations should the rate change.

IV. Bonus

In December 1995, year end Christmas bonuses of approximately \$3,300 was divided among all employees for 1995. Forms 1099 were issued to those receiving bonuses in excess of \$600. In the future, the bonus amount should be included and reported such to employees on their W2 forms.

V. Personnel File

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

VI. Other Miscellaneous Suggestions

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

Joseph P. Kolwe

Certified Public Accountant

(A Professional Corporation)

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the financial statements of Bayou Council on Alcoholism, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 26, 1996.

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

In planning and performing my audit of the financial statements of Bayou Council on Alcoholism, Inc. for the year ended December 31, 1995, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

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

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories: Revenue and Cash Receipts, and Purchases and Disbursements; and Governmental Financial Assistance Program.

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

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

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

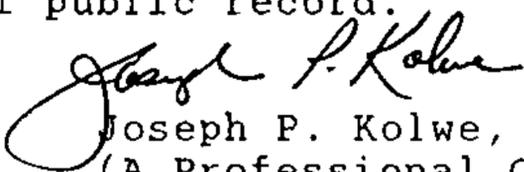
A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. The noted reportable condition above concerning the lack of segregation of duties in the area of cash receipts is considered by me to be a material weakness. Even though a thorough segregation of duties may not be cost effective, other alternatives should be applied to strengthen control in this area.

I also noted other matters not involving the internal control structure and its operation that I have reported to the management of Bayou Council on Alcoholism, Inc. in a separate report dated June 26, 1996, titled Report on Internal Accounting Controls-- Management Letter Comments.

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

Thibodaux, LA
June 26, 1996


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SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

To the Board of Trustees of
Bayou Council on Alcoholism, Inc.

I have audited the financial statements of Bayou Council on Alcoholism, Inc. as of and for the year ended December 31, 1995, and have issued my report thereon dated June 26, 1996.

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

In planning and performing my audit for the year ended December 31, 1995, I considered Bayou Council on Alcoholism, Inc.'s internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on Bayou Council on Alcoholism, Inc.'s financial statements and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. I have addressed policies and procedures relevant to my audit of the financial statements in a separate report dated June 26, 1996.

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

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories: Revenue and Cash Receipts; Purchases and Disbursements; and Governmental Financial Assistance Programs.

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

During the year ended December 31, 1995, Bayou Council on Alcoholism, Inc. had no major programs and expended 100% of its total federal awards under the following nonmajor programs: (Alcohol, Drug Abuse, and Mental Health Services Block Grant-- Federal CFDA Number 93.992).

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

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

The size of the Council's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control. However, to employ such control may not be cost effective. Alternatives should, therefore, be implemented to otherwise improve control in this area.

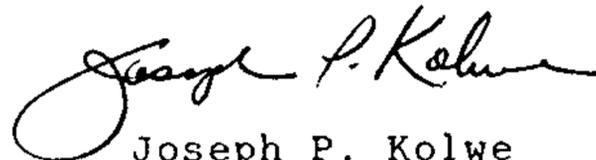
A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the Bayou Council on Alcoholism, Inc.'s compliance with requirements applicable to its nonmajor programs for the year ended December 31, 1995, and this report does not affect my report dated June 26, 1996.

I also noted other matters not involving the internal control structure and its operation that I have reported to the management of Bayou Council on Alcoholism, Inc. in a separate letter dated June 26, 1996.

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



Joseph P. Kolwe
Certified Public Accountant

Thibodaux, LA 70301
June 26, 1996

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

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

I have audited the financial statements of Bayou Council on Alcoholism, Inc, (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 26, 1996.

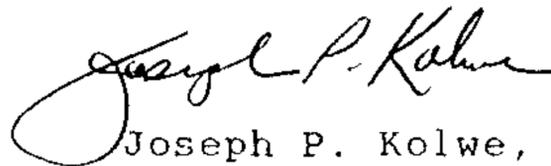
I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Louisiana Governmental Audit Guide, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of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

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

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

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

Thibodaux, LA
June 26, 1996



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

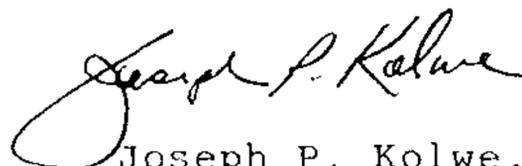
I have audited the financial statements of the Bayou Council on Alcoholism, Inc. (a non-profit organization) as of and for year ended December 31, 1995, and have issued my report thereon dated June 26, 1996.

In connection with my audit of the financial statements of Bayou Council on Alcoholism, Inc., and with my consideration of the Organization's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations," I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1995. As required by Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and their eligibility requirements that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Organization's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Bayou Council on Alcoholism, Inc. had not complied, in all material respects, with those requirements. Also, the results of my procedures did not disclose any immaterial instances on noncompliance with these requirements.

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

Thibodaux, LA
June 26, 1996



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

To the Board of Directors of
Bayou Council on Alcoholism, Inc.

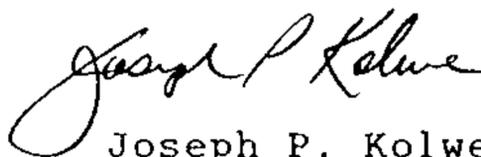
I have audited the financial statements of the Bayou Council on Alcoholism, Inc. (a non-profit organization) as of and for year ended December 31, 1995, and have issued my report thereon dated June 26, 1996.

I have applied procedures to test Bayou Council on Alcoholism, Inc.'s compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the accompanying schedule of Federal Financial Assistance for the year ended December 31, 1995: political activity, civil rights, allowable costs/cost principles, and drug free workplace act.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Institutions of Higher Learning and Other Nonprofit Institutions". My procedure was substantially less in scope than an audit, the objective of which is the expression of an opinion on Bayou Council on Alcoholism, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that Bayou Council on Alcoholism, Inc. had not complied, in all material respects, with those requirements.

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



Joseph P. Kolwe, C.P.A.
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Thibodaux, LA
June 26, 1996

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS (ACCOUNTING AND ADMINISTRATIVE) - BASED ON A STUDY AND EVALUATION MADE AS PART OF AN AUDIT OF THE FINANCIAL STATEMENTS AND THE ADDITIONAL TESTS REQUIRED BY OMB CIRCULAR A-133

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

I have audited the financial statements of Bayou Council on Alcoholism, Inc., (a nonprofit organization), as of and for the year ended December 31, 1995, and have issued my report thereon dated June 26, 1996. As part of my audit, I made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent I considered necessary to evaluate the systems as required by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Louisiana Governmental Audit Guide, and the provisions of Office Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." For the purpose of this report, I have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories: Revenue and Cash Receipts, and Purchases and Disbursements; and Governmental Financial Assistance Programs.

The management of Bayou Council on Alcoholism, Inc. is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any systems of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems 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 included all of the applicable control categories listed in the first paragraph. During the year ended December 31, 1995, Bayou Council on Alcoholism and Drug Abuse had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance program: (Alcohol, Drug Abuse, and Mental Health Services Block Grant--Federal CFDA Number 93.992;). With respect to internal control systems used in administering these nonmajor federal financial assistance programs, my study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluation any weaknesses.

My study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of Bayou Council on Alcoholism, Inc. Accordingly, I do not express an opinion on the internal control systems used in administering the federal financial assistance programs of Bayou Council on Alcoholism, Inc.

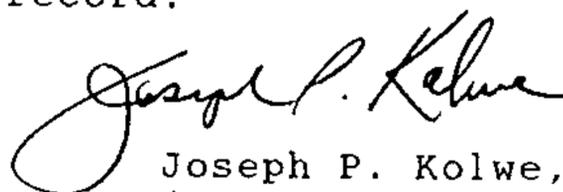
However, my study and evaluation and my audit disclosed the following condition that I believe results in more than a relatively low risk that errors or irregularities in amounts that would be material to a federal financial assistance program may occur and not be detected within a timely period.

The size of the Council's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control. However, to employ such control may not be cost effective. Alternatives should, therefore, be implemented to otherwise improve control in this area.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in (1) my audit of the December 31, 1995, financial statements and (2) my audit and review of Bayou Council on Alcoholism, Inc.'s compliance with laws and regulations noncompliance with which I believe could have a material effect on the allowability of program expenditures for the federal financial assistance programs. This report does not affect my reports on the financial statements and on Bayou Council on Alcoholism, Inc.'s compliance with laws and regulations dated June 26, 1996.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, should it become a matter of public record.

Thibodaux, LA
June 26, 1996



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