

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

Annual Financial Statements

**As of and for the Years Then Ended
June 30, 2009 and 2008**

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 8/25/10



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Tangipahoa Alcohol and Drug Abuse
Council, Inc.

Annual Financial Statements

As of and for the Years Then Ended
June 30, 2009 and 2008

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Annual Financial Statements
As of and for the Years Ended June 30, 2009 and 2008
With Supplemental Information Schedules

TABLE OF CONTENTS

	Page
Independent Auditor's Report	3
Basic Financial Statements:	
Statement of Financial Position	6
Statement of Activities	7
Statement of Functional Expenses for the year ending June 30, 2009	8
Statement of Functional Expenses for the year ending June 30, 2008	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Supplemental Information:	
Summary Schedule of Prior Year Audit Findings	19
Corrective Action Plan for Current Year Audit Findings	20
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22

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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, 2009 and 2008, 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, 2009 and 2008, 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

Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 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

July 22, 2010

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Tangipahoa Alcohol and Drug Abuse Council, Inc.
Statement of Financial Position
As of June 30, 2009 and 2008

	2009	2008
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 67,031	\$ 38,814
Receivables, Net	46,587	39,749
Prepaid Insurance	2,232	2,558
Total Current Assets	115,850	81,121
Property, Plant, and Equipment		
Land	-	-
Property, Plant and Equipment, Net	5,945	10,040
Total Property, Plant, and Equipment	5,945	10,040
Total Assets	\$ 121,795	\$ 91,161
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accrued Payables	\$ 18,238	\$ 12,294
Total Current Liabilities (Payable From Current Assets)	18,238	12,294
Total Liabilities	18,238	12,294
Net Assets		
Unrestricted	103,557	78,867
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	103,557	78,867
Total Liabilities and Net Assets	\$ 121,795	\$ 91,161

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, 2009 and 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2009	2008
Operating Revenues					
Public Support					
Program Revenues:					
Louisiana Department of Health and Hospitals					
Florida Parishes Human Services Authority (FPHSA):					
Project Prevention Contract	\$ -	\$ -	\$ -	\$ -	\$ 119,807
Life Skills Training Contracts	-	176,550	-	176,550	-
Region IX SYNAR Contract	-	15,000	-	15,000	9,600
Clinic Enrichment Program	-	4,439	-	4,439	6,894
Louisiana's Children's Trust Fund	-	3,721	-	3,721	3,587
Louisiana Tobacco Free Living - (TFL)					
TFL - Community	-	13,009	-	13,009	23,186
TFL - Partnership with CADA of New Orleans	-	-	-	-	24,000
Louisiana Tobacco Control Program - (LTCP)	-	20,964	-	20,964	-
Louisiana's Governor's Office for Safe and Drug Free Schools (SDFSC)	-	23,014	-	23,014	-
Hammond City Court Juvenile Services					
Youth Anger Management - Skills for Managing Anger (SMA)	-	14,151	-	14,151	11,966
VITA - EITC Grant	-	5,690	-	5,690	-
Contributions					
Tangipahoa United Way	-	880	-	880	8,924
General	5,909	-	-	5,909	-
In Kind - Rent and Other	46,751	-	-	46,751	48,765
Other	10,992	-	-	10,992	11,857
Investment Income	450	-	-	450	1,108
Other Revenues - Program Fees	-	-	-	-	530
Net Assets released from restrictions	277,418	(277,418)	-	-	-
Total Operating Revenues	341,520	-	-	341,520	270,224
Operating Expenses					
Program Services	257,871	-	-	257,871	216,413
Management and General	58,959	-	-	58,959	50,615
Fund Raising	-	-	-	-	-
Total Operating Expenses	316,830	-	-	316,830	267,028
Change in Net Assets from Operations	24,690	-	-	24,690	3,196
Change in Net Assets	24,690	-	-	24,690	3,196
Total Net Assets, Beginning	78,867	-	-	78,867	75,671
Total Net Assets, Ending	\$ 103,557	\$ -	\$ -	\$ 103,557	\$ 78,867

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 Life Resource Center	Family Life Confer- ence	Louisiana Tobacco Free Living Comm- unity	Louis- iana Tobacco Control Program	Youth Anger Manage- ment SMA	Total Program Services	Manage- ment and General	Total
	Life Skills Training	SYNAR IX Contract	Clinic Enrichment Program								
Expenses											
Salaries and Wages	\$ 68,106	\$ 4,086	\$ 4,086	\$ 9,535	\$ 4,086	\$ 10,897	\$ 10,897	\$ 4,086	\$ 115,779	\$ 20,432	\$ 136,211
Employee Benefits	7,701	462	462	1,078	462	1,232	1,232	462	13,091	2,311	15,402
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	\$ 131,742	\$ 14,965	\$ 13,719	\$ 18,066	\$ 10,184	\$ 28,475	\$ 20,949	\$ 19,771	\$ 257,871	\$ 58,959	\$ 316,830

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, 2008

	Florida Parishes Human Services			Family Life Confer- ence	Louisiana Tobacco Free Living		Youth Anger Manage- ment SMA	Total Program Services	Manage- ment and General	Total	
	Authority		Family Resource Center		TFL Comm- unity	TFL Partner- ship					
	Project Prevention Contract	SYNAR IX Contract									Clinic Enrichment Program
Expenses											
Salaries and Wages	\$ 62,116	\$ 3,727	\$ 3,727	\$ 8,696	\$ 3,727	\$ 9,939	\$ 9,939	\$ 3,727	\$ 105,598	\$ 18,634	\$ 124,232
Employee Benefits	7,302	438	438	1,022	438	1,168	1,168	438	12,412	2,191	14,603
Contract Services	5,571	2,786	2,786	-	-	-	-	5,571	16,714	1,856	18,570
Depreciation	882	441	441	441	441	220	220	441	3,527	882	4,409
Food Supplies	357	-	-	-	535	-	-	535	1,427	357	1,784
Insurance	2,276	285	-	285	-	-	285	285	3,416	2,275	5,691
Office Supplies	1,624	81	81	203	609	284	284	81	3,247	812	4,059
Printing	2,816	188	-	-	-	3,755	188	563	7,510	1,877	9,387
Professional Fees	1,709	285	285	285	570	285	285	285	3,989	1,708	5,697
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	1,274	182	182	182	182	364	364	182	2,912	727	3,639
Supplies	4,692	117	235	235	235	3,519	235	117	9,385	2,344	11,729
Telephone	2,277	354	-	506	-	202	202	-	3,541	1,518	5,059
Travel	2,025	289	-	-	-	579	1,736	-	4,629	1,156	5,785
Utilities - In Kind	1,475	246	246	984	246	246	246	246	3,935	983	4,918
Other	2,840	473	473	1,893	473	473	473	473	7,571	1,895	9,466
Total Expenses	\$ 112,536	\$ 11,792	\$ 10,794	\$ 16,632	\$ 9,356	\$ 22,934	\$ 17,525	\$ 14,844	\$ 216,413	\$ 50,615	\$ 267,028

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 24,690	\$ 3,196
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,095	4,409
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(6,838)	27,790
(Increase) decrease in other assets	326	(2,464)
Increase (decrease) in accrued payables	5,944	3,648
Net Cash Provided by (Used by) Operating Activities	<u>28,217</u>	<u>36,579</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	28,217	36,579
Cash and Cash Equivalents, Beginning of Year	<u>38,814</u>	<u>2,235</u>
Cash and Cash Equivalents, End of Year	<u>\$ 67,031</u>	<u>\$ 38,814</u>
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, 2009 and 2008

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; The Mouse Pad public use computer lab; and an annual Family Life Conference.

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

- The Life Skills Training Program, formerly Project Prevention 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 session 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 Free Living provides programs to reduce use of tobacco to students in grades six to ten in Tangipahoa Parish by conducting youth education and data analysis and the Louisiana Tobacco Control Program provides similar services.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2009 and 2008

- Skills for Anger Management provides a youth oriented program to receive services through workshops focused on coping with stress and anger.

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.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2009 and 2008

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.

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.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2009 and 2008

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.

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.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2009 and 2008

2. Cash and Cash Equivalents

Cash and cash equivalents were as follows at June 30, 2009 and 2008

	2009	2008
Demand Deposits	\$ 19,347	\$ 6,581
Money Market Savings Accounts	47,684	32,233
	\$ 67,031	\$ 38,814

The Organization held funds at one bank at June 30, 2009. Funds did not exceed Federal Deposit Insurance limits.

3. Receivables and Revenues

Receivables as of June 30, 2009 and 2008

	2009	2008
Florida Parishes Human Services Authority	\$ 23,574	\$ 24,195
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	14,186
Other	6,106	1,368
	\$ 46,587	\$ 39,749

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.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2009 and 2008

4. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Land	\$ -	\$ -
Buildings and improvements	-	-
Furniture and Equipment	<u>61,331</u>	<u>62,047</u>
Total cost of assets placed in service	61,331	62,047
Less accumulated depreciation	(55,386)	(52,007)
Property and equipment, net	<u>\$ 5,945</u>	<u>\$ 10,040</u>

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.

5. Donated Services

During the fiscal year ending June 30, 2009 volunteer workers donated an estimated 4,687 hours of time, which is not reflected in the accompanying financial statements because no objective basis is available to measure its value.

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, 2009 with estimated fair values as follows: rent \$38,000, utilities \$4,800 and maintenance services of \$3,600. Various other organizations donated publications to the Organization with an estimated value of \$350

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.

Tangipahoa Alcohol and Drug Abuse Council, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2009 and 2008

7. 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.

8. Concentrations

For the fiscal year ended June 30, 2009, \$195,989 or approximately 57 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.

9. 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, 2009, the Organization was not involved in any outstanding litigation or claims.

Supplemental Information

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

Compliance

No compliance findings reported for the fiscal year ending June 30, 2008. For compliance finding related to required filings with the Louisiana Legislative Auditor, refer to Finding 2009-C1, as included in the *Corrective Action Plan for Current Year Audit Findings*.

Internal Control

No internal control findings reported for the fiscal year ending June 30, 2008. For an internal control finding related to the segregation of duties, refer to Finding 2009-I1, as included in the *Corrective Action Plan for Current Year Audit Findings*.

Management Letter

No management findings.

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 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.

Effect: The Council must file required reports with the Louisiana Legislative 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 recommend 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 will comply with the auditor's recommendations.

Anticipated Completion Date:

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

Contact Person:

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

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

Internal Control

Finding Number: 2009-I1

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.

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 recommend the following:

- 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.

Response by Management: We will fully implement the above recommendations no later than December 31, 2010.

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

Management Letter

No findings for Section III.

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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, 2009 and 2008, and have issued our report thereon dated July 22, 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 disclosed one instance of noncompliance required to be reported under *Government Auditing Standards*, which is described as Finding Number 2009-C1 within the *Corrective Action Plan for Current Year Audit Findings*.

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
Page 2

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency or combination of significant 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described as Finding Number 2009-11 in the accompanying *Corrective Action Plan for Current Year Audit Findings*, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control 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, the Board of the Organization, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

July 22, 2010