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INDEPENDENT AUDITOR'S REPORT

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

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 1-10-07

CONTENTS

	Page
Report of Independent Certified Public Accountant	1
Statements of Financial Position – June 30, 2006 and 2005	2
Statements of Activities – Years Ended June 30, 2006 and 2005	3
Statements of Cash Flows – Years Ended June 30, 2006 and 2005	4
Notes to Financial Statements – June 30, 2006 and 2005	5 - 7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	8
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	9 - 10
Schedule of Expenditures of Federal Awards	11

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A Professional Accounting Corporation

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Board of Directors

Baton Rouge Area Alcohol and Drug Center, Inc.

(A Not for Profit Organization)

Baton Rouge, Louisiana

I have audited the accompanying statements of financial position of Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide 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 Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2006 and 2005, 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.

In accordance with Government Auditing Standards, I have also issued my report dated December 14, 2006 on my consideration of Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting and on my 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 my 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 my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Randall A. Plaisance, APAC

Baton Rouge, Louisiana

December 14, 2006

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
(A Not for Profit Organization)
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2006 and 2005

	<u>ASSETS</u>	
	<u>2006</u>	<u>2005</u>
<u>CURRENT ASSETS</u>		
Cash in bank	\$ 76,289	(\$ 5,617)
Accounts receivable (Note 3)	29,976	46,360
Prepaid Expenses	<u>11,729</u>	<u>12,049</u>
Total Current Assets	<u>117,994</u>	<u>52,792</u>
 <u>FURNITURE, EQUIPMENT AND VEHICLES-- at cost</u>		
Furniture and equipment	60,587	69,867
Vehicles	21,053	21,053
Leasehold improvements	25,463	25,463
Accumulated depreciation (deduction)	<u>(90,955)</u>	<u>(95,905)</u>
	<u>16,148</u>	<u>20,478</u>
 <u>TOTAL ASSETS</u>	 <u>\$134,142</u>	 <u>\$ 73,270</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 13,406	\$ 7,469
Accrued vacation payable (Note 4)	11,273	12,134
Payroll taxes payable	<u>2,026</u>	<u>2,288</u>
Total Current Liabilities	26,705	21,891
 <u>NET ASSETS</u>		
Unrestricted	<u>107,437</u>	<u>51,379</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 134,142</u>	 <u>\$ 73,270</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
(A Not for Profit Organization)
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u> (Note 3)		
Capital Area Human Services District	\$ 288,990	\$ 276,792
City of Baton Rouge and Parish of East Baton Rouge	215,626	209,566
United Way allocation	81,830	42,278
Client fund revenues	4,162	3,878
Other revenues / donations / fund raising	<u>22,322</u>	<u>2,147</u>
Total Revenues	<u>612,930</u>	<u>534,661</u>
 <u>EXPENSES</u>		
Advertising, dues, subscriptions	541	522
Auditing fee	2,475	2,075
Auto maintenance and supplies	1,632	1,729
Building maintenance (Note 3)	611	867
Client fund expense	2,911	2,981
Communications	3,650	3,095
Depreciation expense	4,329	4,786
Food Services	85,104	75,555
Insurance: General	14,867	17,742
Accident and health	19,014	14,801
Workers' compensation	5,462	5,156
Laundry	12,614	10,836
License Fees	625	625
Maintenance and repairs	5,648	7,148
Miscellaneous expenses	138	161
Payroll taxes/unemployment	26,334	22,892
Printing and office expense	2,359	2,720
Professional services	11,442	12,860
Rent and occupancy expense (Note 3)	53,305	46,989
Salaries	285,283	285,057
Supplies: Building/general/fund raising	11,978	8,789
Food/medical	6,425	4,592
Travel/conference	<u>125</u>	<u>155</u>
Total expenses	<u>556,872</u>	<u>532,133</u>
 <u>CHANGE IN UNRESTRICTED NET ASSETS</u>	 56,058	 2,528
 <u>NET ASSETS, BEGINNING OF YEAR</u>	 <u>51,379</u>	 <u>48,851</u>
 <u>NET ASSETS, END OF YEAR</u>	 <u>\$ 107,437</u>	 <u>\$ 51,379</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
(A Not for Profit Organization)
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received - CAHSD	\$306,508	\$ 247,418
- City of Baton Rouge	161,710	161,710
- United Way	81,830	42,278
Client fund collections	4,162	3,878
Other cash receipts	22,322	2,147
Cash paid to suppliers of goods and services	(184,712)	(168,548)
Salaries paid	(286,406)	(284,065)
Payroll taxes / unemployment paid	<u>(23,508)</u>	<u>(22,892)</u>
 Net cash provided by (used in) operating activities	 81,906	 (18,074)
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Capital expenditures – leasehold improvements	_____ -	(3,157)
 <u>NET INCREASE (DECREASE) IN CASH</u>	 81,906	 (21,231)
Cash at beginning of period	(5,617)	15,614
Cash at end of period	<u>\$ 76,289</u>	<u>(\$ 5,617)</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
(A Not for Profit Organization)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

1. Summary of Significant Accounting Policies

Organization

Baton Rouge Area Alcohol and Drug Center, Inc. was incorporated on August 3, 1972. Its stated purpose is to provide services to the alcohol and drug abuser including coordination and cooperation with other agencies (both public and private) in the field. The majority of its funds come from the Capital Area Human Services District and the City of Baton Rouge.

Furniture, Equipment and Vehicle

Properties are stated at cost. Maintenance and repairs are charged to expense and improvements are capitalized. Gains and losses from sales or retirement are recognized in the period of disposition.

Depreciation

Depreciation of the furniture, equipment and building is computed using the straight-line method over their estimated useful lives which ranges from 5 to 15 years.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Income Tax

The Center is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

Statement of Cash Flows

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates in the Preparation of Financial Statements

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
(A Not for Profit Organization)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

2. Reconciliation of Net Income to Net Cash Provided by Operating Activities

a. A reconciliation of the net income to net cash provided by operating activities for the years ended June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Net income	\$ 56,058	\$ 2,528
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,329	4,786
Net decrease (increase) in accounts receivable	16,384	(29,374)
Net decrease in prepaid expense	320	697
Net increase in accounts payable	5,937	2,298
Net (decrease) increase in accrued vacation	(861)	1,162
Net (decrease) increase in payroll taxes payable	<u>(262)</u>	<u>(171)</u>
Net cash provided by (used in) operating activities	<u>\$ 81,906</u>	<u>(\$ 18,074)</u>

b. Schedule of non-cash transactions

The non-cash support provided by the City has not been reflected in the statement of Cash Flows. See Note 3.

3. Revenues, Donated Materials and Services

The Center is funded monthly/quarterly by each of its funding agencies, Capital Area Human Services District, City of Baton Rouge and the United Way. The CAHSD contract is on a fiscal year basis (June 30) while the City and the United Way are on a calendar year basis. The CAHSD contract is on a per diem basis. At June 30, 2006 and 2005 the Center had receivables from the CAHSD of \$28,842 and \$46,360, respectively.

The City provides the facilities occupied by the Center free of rent. It also pays the utilities and maintenance costs associated with the facility. The rental value assigned to the use of the building was \$5.75 per square foot. Any amounts greater than this were recorded at the amount expensed by the City. A summary of the City's total support (both cash and donated materials/services) for the years ended June 30, 2006 and 2005 is reflected below.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
(A Not for Profit Organization)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005

3. Revenues, Donated Materials and Services (continued)

	<u>2006</u>	<u>2005</u>
Rent and occupancy expense	\$ 53,305	\$ 46,989
Building maintenance	<u>611</u>	<u>867</u>
Non-cash support	53,916	47,856
Cash support	<u>161,710</u>	<u>161,710</u>
Total City Support	<u>\$215,626</u>	<u>\$209,566</u>

4. Accrued Vacation Payable

Annual leave is accrued beginning with the first month of employment but is not taken until an employee has been with the Center six months. The annual accrual varies with the employee's years of service and there is a limitation on the amount of leave which can be carried over to the next year. The payable at June 30, 2006 and 2005 represents accumulated leave at the employee's current rate of pay.

5. Compensation of Board of Directors

No member of the Center's Board of Directors received any compensation or per diem.

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

To the Board of Directors
Baton Rouge Area Alcohol and Drug Center, Inc.
(A Not for Profit Organization)
Baton Rouge, Louisiana

I have audited the financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. as of and for the year ended June 30, 2006 and have issued my report thereon dated December 14, 2006. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baton Rouge Area Alcohol and Drug Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the board of directors and management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Randall A. Plaisance, APAC.

Baton Rouge, Louisiana
December 14, 2006

Randall A. Plaisance, CPA

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Baton Rouge Area Alcohol and Drug Center, Inc.
(A Not for Profit Organization)
Baton Rouge, Louisiana

Compliance

I have audited the compliance of Baton Rouge Area Alcohol and Drug Center, Inc. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2006. Baton Rouge Area Alcohol and Drug Center, Inc.'s major Federal programs are identified on page 11, Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Baton Rouge Area Alcohol and Drug Center, Inc.'s management. My responsibility is to express an opinion on Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with those requirements.

In my opinion, Baton Rouge Area Alcohol and Drug Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Baton Rouge Area Alcohol and Drug Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing my audit, I considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors and management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Randall A. Plaisance, APAC

Baton Rouge, Louisiana
December 14, 2006

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
(A NOT FOR PROFIT ORGANIZATION)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
State of Louisiana Department of Health and Hospitals	93.959	CFMS 628869 CAHSD#SA60015	\$288,990.00

Pass through Grantor:

Office for Addictive Disorders

Capital Area Human Services District

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.