

**MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS AND
ACCOMPANYING INFORMATION
YEAR ENDED DECEMBER 31, 2013**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mental Health America of Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Mental Health America of Louisiana (a nonprofit organization), which comprise of the statement of financial position as of December 31, 2013 and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

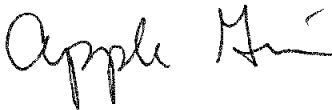
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health America of Louisiana as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2014, on our consideration of Mental Health America of Louisiana'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mental Health America of Louisiana's internal control over financial reporting and compliance.



May 5, 2014

**MENTAL HEALTH AMERICA
 OF LOUISIANA
 BATON ROUGE, LOUISIANA
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2013**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	4,643
Contracts receivable		<u>9,450</u>
Total Current Assets		14,093

FURNITURE AND EQUIPMENT - net of accumulated depreciation of \$52,083

-0-

OTHER ASSETS

Security deposit		<u>399</u>
Total Assets	\$	<u><u>14,492</u></u>

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES

Accounts payable	\$	1,225
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NONCURRENT LIABILITIES

Payroll taxes payable		<u>84,843</u>
Total Liabilities		86,068

NET ASSETS (DEFICIT)

Unrestricted net assets (deficit) - Exhibit B		<u>(71,576)</u>
Total Liabilities and Net Assets (Deficit)	\$	<u><u>14,492</u></u>

The accompanying notes are an integral part of these financial statements.

**MENTAL HEALTH AMERICA
 OF LOUISIANA
 BATON ROUGE, LOUISIANA
 STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2013**

UNRESTRICTED NET ASSETS

Unrestricted Revenues	
Contributions	\$ 10,669
Federal and state grants	195,405
Program revenues, net of expenses	<u>8,120</u>
Total Unrestricted Revenue	<u>214,194</u>
EXPENSES - Exhibit C	
Program services	184,605
Supporting services	<u>33,651</u>
Total Expenses	<u>218,256</u>
OTHER INCOME	
Increase in net assets due to discharge of liabilities	<u>31,612</u>
INCREASE IN UNRESTRICTED NET ASSETS	27,550
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	
Unrestricted	<u>(99,126)</u>
NET ASSETS (DEFICIT) AT END OF YEAR	
Unrestricted	<u>\$ (71,576)</u>

The accompanying notes are an integral part of these financial statements.

MENTAL HEALTH AMERICA
 OF LOUISIANA
 BATON ROUGE, LOUISIANA
 STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2013

	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	<u>Total</u>
Bank charges	\$ -0-	\$ 136	\$ 136
Compensation and related expenses			
Compensation	45,328	25,497	70,825
Payroll taxes	4,583	1,528	6,111
Conferences and training	-0-	84	84
Dues and subscriptions	600	-0-	600
Equipment rental	51	-0-	51
Housing program	67,381	-0-	67,381
Insurance	7,594	-0-	7,594
Internet	-0-	1,251	1,251
Legal and professional	6,734	-0-	6,734
Magellan outreach	4,218	-0-	4,218
Miscellaneous	2,497	2,991	5,488
Postage	291	-0-	291
Printing	136	-0-	136
Rent	3,350	-0-	3,350
Suicide program	34,356	-0-	34,356
Supplies	993	-0-	993
Telephone	956	319	1,275
Travel	5,537	1,845	7,382
	<u>184,605</u>	<u>33,651</u>	<u>218,256</u>
Total Expenses	\$ <u>184,605</u>	\$ <u>33,651</u>	\$ <u>218,256</u>

The accompanying notes are an integral part of these financial statements.

**MENTAL HEALTH AMERICA
 OF LOUISIANA
 BATON ROUGE, LOUISIANA
 STATEMENT OF CASH FLOWS
 (INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS)
 YEAR ENDED DECEMBER 31, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 27,550
Adjustments to reconcile increase in net assets to net cash (used) by operating activities:	
(Increase) Decrease in operating assets	
Contracts receivable	(6,678)
Increase (Decrease) in operating liabilities	
Accounts payable	27
Deferred compensation	(6,157)
Payroll taxes payable	<u>(25,330)</u>
Net Cash (Used) by Operating Activities	(10,588)
CASH FLOWS FROM INVESTING ACTIVITIES:	-0-
CASH FLOWS FROM FINANCING ACTIVITIES:	<u>-0-</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,588)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>15,231</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,643</u>

The accompanying notes are an integral part of these financial statements.

MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. Summary of Significant Accounting Policies

a. Nature of Activities

Mental Health America of Louisiana is the state affiliate of a national nonprofit organization addressing all aspects of mental health issues. The Organization works to improve the mental health of citizens with mental disorders through advocacy, education, research and service. The Organization is dedicated to providing Louisiana with community awareness campaigns, consumer protection services, and the strong advocacy required for meaningful mental health reform. The Organization's support comes primarily from government grants.

b. Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The statute of limitations for examination of the Organization's income tax returns is generally three years from the due date of the return, including extensions. The federal tax years for assessment are the years ending on or after December 31, 2010.

c. Revenues

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

On December 31, 2013, cash balances included interest bearing deposits in the amount of \$8,674. The Organization maintains cash balances at a local bank, the balance of which may occasionally exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC).

f. Furniture and Equipment

Furniture and equipment are capitalized at cost. These assets are being depreciated over estimated useful lives of five to ten years using the straight-line method.

**MENTAL HEALTH AMERICA
 OF LOUISIANA
 BATON ROUGE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013**

1. Summary of Significant Accounting Policies - continued

f. Furniture and Equipment - continued

Additions, renewals, and betterments that add materially to productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs which do not extend the life of the applicable asset are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in income.

g. Contracts Receivable

The Organization uses the allowance method for determining bad debt expense based on management's evaluation of outstanding receivables.

h. Advertising Costs

The Organization expenses the cost of advertising as occurred.

2. Furniture and Equipment

A summary of furniture and equipment at December 31, 2013 is as follows:

Furniture and equipment	\$	52,083
Less: Accumulated depreciation		(52,083)
		-0-
	\$	-0-

Depreciation expense for the year ended December 31, 2013 was \$-0-.

3. Operating Lease Commitment

The Organization has an operating lease commitment for its office facility. The lease is dated December, 2013 for \$300 per month. The lease expires November, 2014. Rent paid for the year ended December 31, 2013 was \$600. Future minimum lease payments due under this lease subsequent to December 31, 2013 are as follows:

2014	\$	3,000
		3,000

The Organization had an operating lease commitment on its old office facility which expired in November, 2013. Rent paid for the year ended December 31, 2013 was \$2,750 under that expired lease.

4. Payroll Taxes

The Organization has an outstanding payroll tax liability from 2002 and 2003. This liability is the result of fraudulent activity of a prior employee. The IRS is not actively seeking collection of this amount; however, penalties and interest are still being accrued. The Organization is currently undergoing proceedings to abate the balance. It is not known when to anticipate an outcome on these proceedings.

**MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

5. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

6. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through May 5, 2014, the date which the financial statements were available to be issued.

7. Concentrations

The majority of the Organization's revenue is derived from grants from the Department of Health and Hospitals.

8. Net Assets Released from Restrictions

The Organization had \$25,455 of payroll tax liabilities discharged by the IRS during the year ended December 31, 2013. It is not known if any additional payroll tax liabilities (See Note 5) will be discharged in the future.

The Organization had deferred compensation payable of \$6,157 as of the year ended December 31, 2012. Due to the death of the retired employee and lack of formal contract, the future obligation was discharged during the year ended December 31, 2013.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITORS' 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
Mental Health America of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the 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, the financial statements of Mental Health America of Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mental Health America of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mental Health America of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

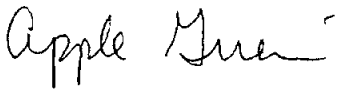
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mental Health America of Louisiana's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 5, 2014

MENTAL HEALTH AMERICA
OF LOUISIANA
BATON ROUGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2013
(See Auditors' Report)

We have audited the financial statements of the Mental Health America of Louisiana as of December 31, 2013, and have issued our report thereon dated May 5, 2014. 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. Our audit of the financial statements as of December 31, 2013 resulted in an unqualified opinion.

Report on compliance and internal control material to the financial statements:

Compliance:

None

Internal Control:

Material Weakness - None

Reportable - None

Prior Year Findings:

Compliance:

None

Internal Control:

Material Weakness - None

Reportable - None