

**BATON ROUGE AREA ALCOHOL
AND DRUG CENTER, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

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 **FEB 22 2012**

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Baton Rouge Area Alcohol and Drug Center, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Baton Rouge Area Alcohol and Drug Center, Inc. (a non-profit organization), as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audits.

We conducted our 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 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 audits provide 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 Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2011 and 2010, and the changes in net assets and 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*, we have also issued our report dated December 21, 2011, on our consideration of Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Our audits were performed for the purpose of forming an opinion on the financial statements 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Daigrepont & Brian APAC

Baton Rouge, Louisiana
December 21, 2011

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current Assets		
Cash	\$ 96,931	\$ 72,225
Accounts receivable	<u>107,311</u>	<u>89,171</u>
Total Current Assets	204,242	161,396
Property, plant and equipment (net)	<u>475,828</u>	<u>446,548</u>
Total Assets	<u>\$ 680,070</u>	<u>\$ 607,944</u>
<u>Liabilities</u>		
Current liabilities		
Accounts payable and other current liabilities	\$ 13,799	\$ 25,150
Payroll taxes payable	1,594	821
Accrued liabilities	30,948	25,446
Notes payable – short term	7,000	22,770
Current portion of long term debt	12,691	4,403
Refundable advance	<u>200,000</u>	<u>200,000</u>
Total current liabilities	266,032	278,590
Long term debt, net of current portion	<u>28,262</u>	<u>9,079</u>
Total liabilities	294,294	287,669
Net Assets		
Unrestricted net assets	381,251	299,435
Temporarily restricted net assets	<u>4,525</u>	<u>20,840</u>
Total Net Assets	385,776	320,275
Total Liabilities and Net Assets	<u>\$ 680,070</u>	<u>\$ 607,944</u>

See accompanying notes and auditors' report.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Grants and contracts			
Capital Area Human Service District	\$ 289,180	\$ -	\$ 289,180
City of Baton Rouge/Parish of East Baton Rouge	376,367	-	376,367
United Way	79,275	-	79,275
Access to Recovery	66,180	-	66,180
Housing Opportunity for Persons with Aids	245,671	-	245,671
Ryan White Program	70,695	-	70,695
Other grants	71,000	-	71,000
Donations and contributions	35,963	-	35,963
Self pay revenue	48,155	-	48,155
Client fund revenue	4,100	-	4,100
Net assets released from restrictions	16,315	(16,315)	-
Total Revenues	<u>\$ 1,302,901</u>	<u>\$ (16,315)</u>	<u>\$ 1,286,586</u>
Expenses			
Program service	935,343	-	935,343
Management and general	285,742	-	285,742
Total expenses	<u>1,221,085</u>	<u>-</u>	<u>1,221,085</u>
Change in net assets	81,816	(16,315)	65,501
Net Assets – beginning of year	<u>299,435</u>	<u>20,840</u>	<u>320,275</u>
Net Assets – end of year	<u>\$ 381,251</u>	<u>\$ 4,525</u>	<u>\$ 385,776</u>

See accompanying notes and auditors' report.

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Grants and contracts			
Capital Area Human Service District	\$ 237,360	\$ -	\$ 237,360
City of Baton Rouge/Parish of East Baton Rouge	321,488	-	321,488
United Way	36,224	-	36,224
Access to Recovery	95,072	-	95,072
Housing Opportunity for Persons with Aids	209,138	-	209,138
State of Louisiana	48,972	-	48,972
Other grants	42,500	35,270	77,770
Donations and contributions	43,118	-	43,118
Self pay revenue	26,637	-	26,637
Client fund revenue	1,704	-	1,704
Net assets released from restrictions	14,430	(14,430)	-
Total Revenues	\$ 1,076,643	\$ 20,840	\$ 1,097,483
Expenses			
Program service	779,225	-	779,225
Management and general	235,039	-	235,039
Total expenses	1,014,264	-	1,014,264
Change in net assets	62,379	20,840	83,219
Net Assets – beginning of year	237,056	-	237,056
Net Assets – end of year	\$ 299,435	\$ 20,840	\$ 320,275

See accompanying notes and auditors' report.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting	\$ -	\$ 5,000	\$ 5,000
Advertising and dues	5,052	1,869	6,921
Auto maintenance	3,959	1,464	5,423
Client fund expense	423	-	423
Communications	4,860	1,798	6,658
Depreciation	6,096	2,255	8,351
Food services	105,606	-	105,606
Insurance -- general	13,003	4,809	17,812
Insurance -- accident	43,377	16,043	59,420
Insurance -- workers comp	9,538	3,528	13,066
Interest	2,004	741	2,745
Laundry	17,173	-	17,173
License fees	1,367	505	1,872
Maintenance and repairs	9,238	3,417	12,655
Miscellaneous	1,804	667	2,471
Payroll taxes	43,993	16,272	60,265
Printing and office expense	9,959	3,684	13,643
Professional expense	33,869	-	33,869
Rent and occupancy	56,230	20,798	77,028
Salaries and wages	537,701	198,876	736,577
Supplies -- building and general	10,383	3,838	14,221
Supplies -- food and medical	19,228	-	19,228
Travel	480	178	658
	<u>\$ 935,343</u>	<u>\$ 285,742</u>	<u>\$ 1,221,085</u>

See accompanying notes and auditors' report.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting	\$ -	\$ 5,460	\$ 5,460
Advertising and dues	4,246	1,571	5,817
Auto maintenance	2,344	867	3,211
Client fund expense	3,452	-	3,452
Communications	4,973	1,840	6,813
Depreciation	4,636	1,715	6,351
Food services	95,266	-	95,266
Insurance - general	9,221	3,410	12,631
Insurance - accident	28,019	10,363	38,382
Insurance - workers comp	10,834	4,007	14,841
Interest	2,032	751	2,783
Laundry	13,275	-	13,275
License fees	456	169	625
Maintenance and repairs	6,904	2,554	9,458
Miscellaneous	972	361	1,333
Payroll taxes	30,329	11,217	41,546
Printing and office expense	9,332	3,451	12,783
Professional expense	32,700	-	32,700
Property tax	3,515	-	3,515
Rent and occupancy	99,263	36,714	135,977
Salaries and wages	400,014	147,950	547,964
Supplies - building and general	6,634	2,453	9,087
Supplies - food and medical	10,305	-	10,305
Travel	503	186	689
	<u>\$ 779,225</u>	<u>\$ 235,039</u>	<u>\$ 1,014,264</u>

See accompanying notes and auditors' report.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 65,501	\$ 83,219
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,351	6,351
Increase in accounts receivable	(18,140)	(23,224)
Decrease in accounts payable and other current liabilities	(11,351)	(7,911)
Increase in accrued liabilities	<u>6,275</u>	<u>6,591</u>
Net cash provided by operating activities	50,636	65,026
<u>Cash Flows From Investing Activities</u>		
Cash payments from purchase of property	<u>(37,631)</u>	<u>(21,612)</u>
Net cash used in investing activities	(37,631)	(21,612)
<u>Cash Flows From Financing Activities</u>		
Proceeds from the issuance of long term debt	34,449	-
Proceeds from the issuance of short term debt	-	54,000
Principal payments on long term debt	(6,978)	(4,168)
Principal payments on short term debt	<u>(15,770)</u>	<u>(41,230)</u>
Net cash provided by financing activities	11,701	8,602
Increase in Cash and Cash Equivalents	24,706	52,016
Cash and cash equivalents, beginning of year	<u>72,225</u>	<u>20,209</u>
Cash and cash equivalents, end of year	<u>\$ 96,931</u>	<u>\$ 72,225</u>
Supplemental disclosure -- cash paid for interest	<u>\$ 2,745</u>	<u>\$ 2,783</u>

See accompanying notes and auditors' report.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

1. Summary of Significant Accounting Policies

Nature of Operations

Baton Rouge Area Alcohol and Drug Center, Inc. (the Organization) was incorporated as a non-profit corporation on August 3, 1972. The Organization offers a lifeline to adult men and women suffering with substance abuse and/or addiction through providing medical and non-medical detoxification services to anyone entering voluntarily. Support for the Organization comes from the federal, state, and local governments, as well as, contributions from individuals, corporations, and other non-profit organizations.

Basis of Accounting

The financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. The Organization reports information about its financial position and activities using three classes of net assets that recognize the existence and nature of restrictions on its net assets.

Unrestricted net assets represent resources over which the Board of Directors has unlimited discretionary control to use in carrying out the activities of the organization in accordance with the Articles of Incorporation and bylaws.

Temporarily restricted net assets represent resources over which use is limited by donor-imposed restrictions that will be met either by actions of the organization or by passage of time.

Permanently restricted net assets represent resources whose use is limited by donor-imposed restrictions that require the net assets to be maintained permanently.

Restricted and Unrestricted Support

Contributions received are recorded as temporarily restricted, permanently restricted or unrestricted support depending on the nature of any donor restriction. Contributions made to the Organization are considered available for unrestricted use unless specifically restricted by the donor. Contributions of property and equipment are reported as unrestricted contributions when placed in service unless the donor has restricted the use of the asset to a specific purpose or time period. Contributions of cash or other assets are unrestricted when acquired and placed in service, unless the donor has also required that the asset be used for a specific purpose or time period.

All restricted support is reported as an increase in temporarily or permanently restricted net assets. However, support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. When a restriction expires, such as when a stipulated time period ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

1. Summary of Significant Accounting Policies (continued)

Cash

Cash includes all monies held with banks.

Accounts Receivable

Accounts receivable consists of amounts due from federal, state and local governments, as well as, other non-profit organizations. Management believes that all accounts receivable as of the balance sheet date are collectible and thus no allowance for doubtful accounts is necessary.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is no longer subject to examination from the U.S. federal jurisdiction for tax years before 2008.

Advertising

Baton Rouge Area Alcohol and Drug Center, Inc. expenses its advertising costs as incurred. Advertising expense was \$6,921 and \$5,817 for the years ended June 30, 2011 and 2010, respectively.

Subsequent Events

The Organization has evaluated subsequent events through December 31, 2011, the date the financial statements were available to be issued, for recording and disclosure.

2. Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for betterments that materially prolong the useful lives of assets are capitalized and are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Furniture and fixtures	5 - 7 years
Machinery and equipment	5 - 7 years	
Vehicles	5 years	

Property and equipment consists of the following:

	2011	2010
Buildings and improvements	\$ 128,251	\$ 128,251
Furniture and Equipment	68,204	65,022
Vehicles	60,865	26,416
Land	315,279	315,279
	572,599	534,968
Accumulated depreciation	(96,771)	(88,420)
	<u>\$ 475,828</u>	<u>\$ 446,548</u>

Capitalized buildings and improvements in the amount of \$128,251 and land in the amount of \$315,279 are for a new facility that as of June 30, 2011 has not yet been placed into service.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

3. Notes Payable

Long term notes payable consists of the following:

Note dated May 28, 2008 with an original balance of \$21,916, due in monthly payments of \$419 on the 12 th of the month with an interest rate of 5.49%. The note is secured by a vehicle.	\$ 9,079	\$ 13,482
Note dated February 14, 2011 with an original balance of \$34,449, due in monthly payments of \$811 on the 14 th of the month with an interest rate of 5.99%. The note is secured by a vehicle.	<u>31,874</u>	<u>-</u>
	40,953	13,482
Less current installments	<u>(12,691)</u>	<u>(4,403)</u>
	<u>\$ 28,262</u>	<u>\$ 9,079</u>

Maturities of long term notes payable are as follows:

2012	\$ 12,691
2013	12,963
2014	9,060
2015	6,239
2016	-
Thereafter	<u>-</u>
	<u>\$ 40,953</u>

The Organization also has an available line of credit up to \$50,000, payable to Regions Bank, interest paid monthly and computed at 6.25% annually. At June 30, 2011 and 2010 the Organization had \$7,000 and \$22,770 outstanding on the line of credit, respectively.

4. Commitments and Contingencies

The Organization receives a portion of its revenues from federal, state, and local government grants and contracts, many of which are subject to audit by the federal, state, or local government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to, and audited by, the government. Until such audits have been completed and a final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is not aware of any pending audits or proposed adjustments, and no provisions for estimated retroactive adjustments have been made.

During the year ending June 30, 2009 the Organization spent \$200,000 in Community Development Block Grant funds for the purchase of land and infrastructure development for a new facility. The terms of the grant requires the Organization to repay the funds in ten annual principal payments of \$20,000. The grant also stipulates that the Organization may forego repayment of these funds by providing detoxification services at the new facility in an amount equal to the annual principal payments. The original amount of the grant has been recorded as a refundable advance, the balance of which will be reduced when the Organization either begins making annual principal payments or begins providing detoxification services at the new facility. See footnote 9 for more information on this grant.

5. 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 Organization for 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 for accrued vacation at June 30, 2011 and 2010 is \$30,948 and \$25,446, respectively.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

6. In-Kind Contributions

The Organization occupies facilities provided by the City-Parish of East Baton Rouge at no cost to the Organization. For the year ending June 30, 2011 and 2010 the rent and occupancy was valued at \$77,028 and \$135,977, respectively, and repairs and maintenance were valued at \$1,595 and \$1,300, respectively. These in-kind contributions are reported with other revenues from the City-Parish with the offset recorded as an expense. The Organization also received food from the Baton Rouge Food Bank in the amount of \$8,163 and \$7,956 for the years ended June 30, 2011 and 2010, respectively.

7. Concentrations of Revenue and Receivables

For the year ending June 30, 2011 approximately 22 %, 19%, and 29% of the organization's revenue is from funding provided by Capital Area Human Services District, Housing Opportunities for Persons with AIDS, and the City-Parish of East Baton Rouge, respectively. Approximately 56%, 21%, and 15% of accounts receivable are from the Capital Area Human Service District, Housing Opportunities for Persons with AIDS, and the Ryan White Program, respectively.

For the year ending June 30, 2010 approximately 21%, 19% and 29 % of the organization's revenue is from funding provided by Capital Area Human Services District, Housing Opportunities for Persons with AIDS, and the City-Parish of East Baton Rouge, respectively. Approximately 13%, 41%, and 28% of accounts receivable are from the Capital Area Human Service District, Housing Opportunities for Persons with AIDS, and the Department of Health and Hospitals, respectively.

8. Restrictions on Net Assets

The Organization's temporarily restricted net assets at June 30, 2011 and 2010 are available for the following purposes.

	<u>2011</u>	<u>2010</u>
Case management computer database	\$ 4,525	\$ 9,638
Establishment of a development director office	-	<u>11,202</u>
	<u>\$ 4,525</u>	<u>\$ 20,840</u>

9. Subsequent Event

The Organization has not been able to construct a new facility on the land purchased with Community Development Block Grant funds and as a result made their first \$20,000 repayment on December 9, 2011. Going forward the Organization will make annual payments of \$20,000 in March for the next nine years. See footnote 4 for more information on this grant.

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-through or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services direct programs:			
Substance Abuse and Mental Health Services- Access to Recovery	93.275	N/A	\$ <u>66,180</u>
Subtotal Department of Health and Human Services direct programs			<u>66,180</u>
Pass-through programs from:			
Capital Area Human Services District			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CFMS 692962 & 701298	289,180
City of Baton Rouge-Parish of East Baton Rouge Office of Community Development			
HIV Emergency Relief Project Grants	93.914	N/A	<u>70,695</u>
Subtotal Department of Health and Human Services pass-through programs			<u>359,875</u>
Total U.S. Department of Health and Human Services			426,055
U.S. Department of Housing and Urban Development pass-through programs from:			
City of Baton Rouge-Parish of East Baton Rouge Office of Community Development			
Housing Opportunities for Persons with AIDS	14.241	N/A	245,671
Community Development Block Grants	14.218	N/A	<u>52,582</u>
Total Department of Housing and Urban Development pass-through programs			<u>298,253</u>
Total expenditures of federal awards			\$ 724,308

See accompanying notes and auditors' report

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Baton Rouge Area Alcohol and Drug Center, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

- a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Pass-through entity identifying numbers are presented where available.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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.
Baton Rouge, Louisiana

We have audited the financial statements of Baton Rouge Area Alcohol and Drug Center, Inc., (a non-profit organization) as of June 30, 2011 and 2010 and for the years then ended, and have issued our report thereon dated December 21, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Area Alcohol and Drug Center, Inc.'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.

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

Our consideration of 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 the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified a deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs (finding 2011-1) that we consider to be a material weakness 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. We consider the material weakness identified above to also be a significant deficiency.

Compliance

As part of obtaining reasonable assurance about whether Baton Rouge Area Alcohol and Drug Center, Inc.'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 our tests disclosed no instances of noncompliance 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, management, others within the organization, the Legislative Auditor, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Wais report E Brian APAC

Baton Rouge, Louisiana
December 21, 2011

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

To the Board of Directors
Baton Rouge Area Alcohol and Drug Center, Inc.
Baton Rouge, Louisiana

Compliance

We have audited Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Baton Rouge Area Alcohol and Drug Center, Inc.'s major federal programs for the year ended June 30, 2011. Baton Rouge Area Alcohol and Drug Center, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. 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. Our responsibility is to express an opinion on Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance based on our audit.

We conducted our 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 we 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 we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with those requirements.

In our opinion, Baton Rouge Area Alcohol and Drug Center, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 our audit, we 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 to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over compliance.

A *deficiency in internal control over compliance* 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Baton Rouge Area Alcohol and Drug Center, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Baton Rouge Area Alcohol and Drug Center, Inc.'s response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the board of directors, management, others within the organization, the Legislative Auditor, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigreport e Brian APAC

Baton Rouge, Louisiana
December 21, 2011

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

We have audited the financial statements of Baton Rouge Area Alcohol and Drug Center, Inc., as of June 30, 2011, and for the year then ended, and have issued our report thereon dated December 21, 2011. 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 and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 2011 resulted in an unqualified opinion.

Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of Opinion On Compliance For Major Programs Unqualified Qualified Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section 510(a) Yes No

Was a management letter issued? Yes No

c. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
93.959	Block Grants for Prevention and Treatment of Substance Abuse
14.218	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

Finding - Financial Statement Audit

Finding 2011-1

Observation

Baton Rouge Area Alcohol and Drug Center, Inc. does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. The Organization relies on its auditors to assist in adjusting the books and to assist in the preparation of external financial statements and related disclosures. Under U.S. generally accepted auditing standards, the auditors cannot be considered part of the Organization's internal control structure, and because of limitations of the Organization's staff, the design of the internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Recommendations:

We suggest management obtain the technical knowledge and tools necessary to prepare the external financial statements. This might be accomplished through staff development or hiring, as well as outsourcing the functions.

Management's corrective action plan:

Baton Rouge Area Alcohol and Drug Center, Inc. has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Questioned Costs

There are no questioned costs for the year ended June 30, 2011.

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of Prior Year Audit Findings

Finding 2010-1

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Questioned Costs

There are no questioned costs for the year ended June 30, 2010.