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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2009**

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 11/25/09

## TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-9
Supplementary Information	
Schedule of Federal and State Financial Assistance	10
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	11-12
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	13-14
Schedule of Findings and Questioned Costs	15

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Baton Rouge Area Alcohol and Drug Center, Inc. (a non-profit organization), as of June 30, 2009, and the related statement 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 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 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 Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2009, and the results of its operations and cash flows for the year 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 October 29, 2009, 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 audit was 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Daigrepont & Brian A.P.C.*

Baton Rouge, Louisiana  
October 29, 2009

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009

ASSETS

Cash	\$	20,209
Accounts receivable		65,947
Property, plant and equipment (net)		<u>431,287</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>517,443</u></b>

LIABILITIES

Current liabilities

Accounts payable and other current liabilities	\$	33,060
Payroll taxes payable		1,272
Accrued liabilities		18,405
Notes payable - short term		10,000
Current portion of long term debt		4,168
Refundable advance		<u>200,000</u>

Total current liabilities 266,905

Notes payable - long term 13,482

**TOTAL LIABILITIES** 280,387

NET ASSETS

Unrestricted net assets 237,056

**\* TOTAL LIABILITIES AND NET ASSETS** \$ 517,443

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, 2009**

REVENUES

Grants and contracts	
Capital Area Human Service District	\$ 290,480
City of Baton Rouge/Parish of East Baton Rouge	272,920
United Way	50,208
Access to Recovery	45,350
Housing Opportunity for Persons with Aids	90,924
State of Louisiana	23,750
Other grants	7,500
Donations and contributions	245,083
Client fund revenues	<u>1,691</u>
 Total revenues	 <u>1,027,906</u>

EXPENSES

Program service	657,298
Management and general	<u>200,988</u>
 Total expenses	 <u>858,286</u>

CHANGE IN NET ASSETS	169,620
NET ASSETS BEGINNING OF YEAR	<u>67,436</u>
NET ASSETS END OF YEAR	<u>\$ 237,056</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, 2009**

	Program Services	Management and General	Total
Advertising and dues	\$ 1,270	\$ 470	\$ 1,740
Accounting	-	3,650	3,650
Auto maintenance	1,096	405	1,501
Client fund expense	1,825	-	1,825
Communications	3,918	1,449	5,367
Depreciation	4,512	1,669	6,181
Equipment rental	16,682	6,170	22,852
Food services	88,253	-	88,253
Insurance - general	10,787	3,990	14,777
Insurance - accident	20,367	7,533	27,900
Insurance - workers comp	8,599	3,180	11,779
Interest	1,602	593	2,195
Laundry	12,730	-	12,730
License fees	566	209	775
Maintenance and repairs	7,235	2,676	9,911
Miscellaneous	1,134	420	1,554
Payroll taxes	24,992	9,243	34,235
Printing and office expense	4,855	1,795	6,650
Professional expense	11,000	-	11,000
Property tax	2,721	-	2,721
Rent and occupancy	80,233	29,675	109,908
Salaries and wages	332,956	123,148	456,104
Supplies - building and general	12,639	4,675	17,314
Supplies - food and medical	7,225	-	7,225
Travel	101	38	139
	<u>\$ 657,298</u>	<u>\$ 200,988</u>	<u>\$ 858,286</u>

See accompanying notes and auditors' report.

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 169,620
Adjustments to reconcile change in net assets to cash provided by operating activities	
Depreciation	6,181
Increase in accounts receivable	(41,697)
Decrease in prepaid expenses	10,105
Increase in accounts payable and other current liabilities	22,602
Increase in accrued liabilities	8,950
Increase in deferred revenue	200,000
Net cash provided by operating activities	<u>375,761</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash payments for purchase of property	<u>(345,279)</u>
Net cash used in investing activities	(345,279)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from the issuance of short-term debt	42,000
Principal payments on long-term debt	(3,946)
Principal payments on short-term debt	<u>(32,000)</u>
Net cash provided by financing activities	6,054

NET INCREASE IN CASH 36,536

CASH, BEGINNING OF YEAR (16,327)

CASH, END OF YEAR \$ 20,209

**SUPPLEMENTAL DISCLOSURES**

Non-cash investing activities consisted of \$145,000 in donated land.

The Organization paid \$2,195 in interest expense.

See accompanying notes and auditors' report.

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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 non-medical detoxification services to anyone entering voluntarily. Support for the Organization comes from the Capital Area Human Services District, Capital Area United Way, the City-Parish of East Baton Rouge, 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 therefore follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117 and 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, 2009**

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with a maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value due to the short maturities of those financial instruments.

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.

Advertising

Baton Rouge Area Alcohol and Drug Center, Inc. expenses its advertising costs as incurred. Advertising expense was \$656 for the year ended June 30, 2009.

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:

Building and improvements	30 years
Furniture and fixtures	5 - 7 years
Machinery and equipment	5 - 7 years
Vehicles	5 years

Property and equipment consists of the following:

Buildings and improvements	\$ 109,518
Furniture and equipment	38,802
Machinery and equipment	23,341
Vehicles	26,416
Land	<u>315,279</u>
	513,356
Accumulated depreciation	<u>(82,069)</u>
	<u>\$ 431,287</u>

Capitalized buildings and improvements in the amount of \$84,056 and land in the amount of \$315,279 are for a new facility that as of June 30, 2009 has not yet been placed into service.

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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<sup>th</sup> of the month with an interest rate of 5.49%. The note is secured by a vehicle.

\$ 17,650

Less current installments

(4,168)

\$ 13,482

Maturities of long term notes payable are as follows:

2010	\$ 4,168
2011	4,403
2012	4,651
2013	<u>4,428</u>
	<u>\$ 17,650</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, 2009 the Organization has \$10,000 outstanding on the line of credit.

**4. Commitments and Contingencies**

The Organization receives a portion of its revenues from federal and state government grants and contracts, many of which are subject to audit by the federal or state 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 the Organization spent \$200,000 in Community Development Block Grant funds for the purchase of land and infrastructure development for a new facility. A stipulation of the grant allows the Organization to forego repayment of these funds by providing services at the new facility in an amount equal to the annual principal payments of \$20,000.

**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, 2009 is \$18,405.

**6. In-Kind Contributions**

The Organization occupies facilities provided by the City-Parish of East Baton Rouge at no cost to the Organization. The rent and occupancy is valued at \$109,908 and repairs and maintenance are valued at \$1,102. The value of the in-kind rent assigned to the Organization is \$5.75 per square foot, any amounts greater than this were recorded at actual amounts expensed by the City-Parish. These in-kind contributions are reported with other revenues from the City-Parish with the offset recorded as an expense.

**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

7. Concentrations of Revenue and Receivables

Approximately 28% and 27% of the organization's revenue is from funding provided by Capital Area Human Services District and the City-Parish of East Baton Rouge, respectively. Approximately 43% and 36% of accounts receivable are from Housing Opportunities for Persons with Aids and the Capital Area Human Services District, respectively.

8. Related Party Transactions

During the year the Organization purchased land valued at \$315,000 from an entity owned by two members of the board of directors by paying cash in the amount of \$170,000. The difference of \$145,000 was recorded as a contribution. The Organization also received a contribution of \$30,000 from a member of the board of directors.

9. Refundable Advance

During the year the Organization spent \$200,000 of Community Development Grant Block Funds to purchase land and for infrastructure development for a new facility that has yet to be constructed. See footnote 4 for more information. This amount has been recorded as a refundable advance and will be recognized as income as the Organization satisfies the condition to provide services at the new facility in an amount equal to the annual principal payments of \$20,000/

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
SCHEDULE OF FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2009

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>	
		<u>FEDERAL</u>	<u>STATE</u>
Capital Area Human Services District	CFDA 93.959	\$ 290,480	\$ -
Department of Housing and Urban Development/ Community Development Block Grant	CFDA 14.218	200,000	-
State of Louisiana	N/A	-	23,750
Department of Health and Human Services/ Access to Recovery	CFDA 93.243	45,350	-
Department of Housing and Urban Development/ Housing Opportunities for Persons with AIDS	CFDA 14.241	<u>90,924</u>	<u>-</u>
TOTALS		<u>\$ 626,754</u>	<u>\$ 23,750</u>

See accompanying notes and auditors' report

# 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

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, 2009, and for the year then ended, and have issued our report thereon dated October 29, 2009. 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 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely effects the organization'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. We consider the following deficiency to be a significant deficiency in internal control.

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.

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.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is also considered to be a material weakness.

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.

*Dargreant, Brian a Pac*

Baton Rouge, Louisiana  
October 29, 2009

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

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

### Compliance

We have audited the compliance of Baton Rouge Area Alcohol and Drug Center, Inc. (a non-profit organization) 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, 2009. Baton Rouge Area Alcohol and Drug Center, Inc.'s major federal programs are identified in the Schedule of Federal Awards in the Supplementary Information Section. 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 are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

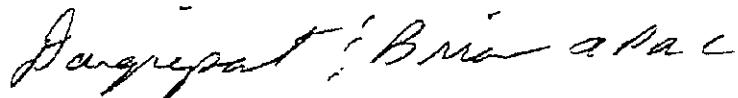
The management of Baton Rouge Area Alcohol and Drug Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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, 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 *control deficiency* in an entity's 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 *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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.

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.

A handwritten signature in cursive script, appearing to read "Douglas B. Brantley".

Baton Rouge, Louisiana  
October 29, 2009



**BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

We have audited the financial statements of Baton Rouge Area Alcohol and Drug Center, Inc., as of June 30, 2009, and for the year then ended, and have issued our report thereon dated October 29, 2009. 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 A133. Our audit of the financial statements as of June 30, 2009 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	Prevention and Treatment of Drug Abuse

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 2009-1

**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, 2009.