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BATON ROUGE BLACK ALCOHOLISM COUNCIL
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 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 8-16-06

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Certified Public Accountant



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INDEPENDENT AUDITOR'S REPORT

June 8, 2006

To the Board of Directors
Baton Rouge Black Alcoholism Council, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of the Baton Rouge Black Alcoholism Council, Inc. (a non-profit organization) as of December 31, 2005, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Baton Rouge Black Alcoholism Council, Inc.'s management. My responsibility is to express an opinion of these financial statements based on my audit.

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. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provided 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 the Baton Rouge Black Alcoholism Council, Inc. as of December 31, 2005, and in the changes in its net assets and its 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, I have also issued a report dated June 8, 2006, on our consideration of Baton Rouge Black Alcoholism Council's internal control over financial reporting and our tests of its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Donald C. DeVille

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005

ASSETS

Cash	\$100
Grants Receivable	49,050
Prepaid Rent	600
Equipment, Net	5,842
TOTAL ASSETS	55,592

LIABILITIES AND NET ASSETS

LIABILITIES

Bank Overdrafts	\$1,566
Accounts Payable	3,213
Payroll Taxes Payable	1,520
Advances	10,000
TOTAL LIABILITIES	16,299

NET ASSETS

Net Assets	
Unrestricted	39,293
TOTAL NET ASSETS	39,293

TOTAL LIABILITIES AND NET ASSETS	55,592
-----------------------------------------	---------------

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

REVENUE AND OTHER SUPPORT:	
Grants	\$367,923
Contributions	2,445
Miscellaneous	4,675
	<hr/>
TOTAL REVENUE & OTHER SUPPORT	375,043
	<hr/>
EXPENSES:	
Program Services	335,370
Management	62,369
	<hr/>
Total Expenses	397,739
	<hr/>
INCREASE (DECREASE) IN NET ASSETS	(22,696)
NET ASSETS, Beginning of Year	61,989
	<hr/>
NET ASSETS, End of Year	39,293
	<hr/> <hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2005

	PROGRAM SERVICES	MANAGEMENT	TOTAL
Advertising	\$1,482	\$-0-	\$1,482
Depreciation	1,459	-0-	1,459
Education	3,515	-0-	3,515
Miscellaneous	1,473	-0-	1,473
Supplies	11,838	-0-	11,838
Employee Benefits	21,933	-0-	21,933
Bank Charges	763	-0-	763
Dues and Subscriptions	342	-0-	342
Insurance	45	-0-	45
License	5	-0-	5
Postage	352	-0-	352
Printing	1,501	-0-	1,501
Accounting	10,692	2,648	13,340
Professional	473	-0-	473
Rent	8,450	-0-	8,450
Repairs & Maintenance	1,296	-0-	1,296
Telephone	7,663	-0-	7,663
Meetings	1,213	-0-	1,213
Travel	17,006	-0-	17,006
Salaries	223,242	55,420	278,662
Payroll Taxes	20,627	4,301	24,928
Total Expenses	<u>335,370</u>	<u>62,369</u>	<u>397,739</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) In Net Assets	\$(22,696)
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:	
Depreciation	1,459
(Increase) Decrease In Operating Assets:	
Grants Receivable	13,565
Prepaid Rent	(600)
Increase (Decrease) In Operating Liabilities:	
Accounts Payable	2,589
Withholding	(2,377)
Advances	10,000
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>1,940</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Equipment	-0-
-----------------------	-----

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds of Line of Credit	-0-
Payment of Line of Credit & Notes	-0-
<u>Total Cash Flows From Financing Activities</u>	<u>-0-</u>

NET INCREASES (DECREASE) IN CASH AND CASH EQUIVALENT 1,940

CASH AND CASH EQUIVALENTS, Beginning of Year (3,406)

CASH AND CASH EQUIVALENTS, End of Year (1,466)

SUPPLEMENTAL DATA:

Interest paid -0-

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE #1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Baton Rouge Black Alcoholism Council, Inc. (Council) is a Louisiana non-profit corporation, was incorporated on December 12, 1988, through which Blacks concerned with or involved in the field of alcoholism can exchange ideas;, offer services, coordinate and facilitate alcoholism programs in the Black community and the community at large; actively promote and support efforts aimed at the treatment, prevention and control of alcoholism by all levels and branches of government, and to engage in other activities which further the following goals:

- A. To develop effective treatment and prevention services for Blacks in the areas of alcohol abuse and alcoholism.
- B. To insure that Black people achieve a position of equity in the acquisition of alcoholism services and resources.
- C. To encourage the development of a unified approach to the problems of alcohol abuse and alcoholism among Blacks.
- D. To assist in the development of creating a coalition of all Blacks involved in alcohol, drug abuse and mental health.

Recognition of Donor Restrictions

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 recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expires, temporarily restricted net assets are reclassified to unrestricted net assets.

FINANCIAL STATEMENT PRESENTATION

In 1996, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by this statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE #1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS

The Organization has elected to adopt SFAS No. 116, Accounting for Contributions Received and Contributions Made in 1995. In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

Income Taxes

The Council has a group determination letter from the Internal Revenue Service advising it that it qualifies as a non-profit corporation under section 501 (C) (3) of the Internal Revenue Code (IRC), and therefore, is not subject to income tax. It has been classified as an organization that is not a private foundation under Section 509 (A) (2) of the IRC.

Allocated Expenses

Expenses by function have been allocated among program and administrative services classifications on the basis on allowable percentages.

Fund Raising Cost

Fund raising cost are not considered significant and are combined with management expenses for the period presented.

Cash and Investments

Cash and investments are stated at cost. The Council maintains its funds in demand and interest-bearing savings accounts insured by the FDIC.

Accounts Receivable

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income.

The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

Prepaid

Insurance and similar services which extend over more than one accounting period are considered immaterial and are expensed when paid.

Inventories

Inventories in the operating fund are considered immaterial and are recorded as expenses when purchased.

Use of Estimates

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

Fixed Assets and Depreciation

Expenses in excess of \$500 for assets with an economic useful live of more than one year have been capitalized as fixed assets and recorded at cost in the Council's balance sheet. Depreciation is determined using the straight-line method over an estimated useful life of five to seven years.

Revenue Recognition for Public Support and Other Revenue

All public support and other revenues are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Public support and other revenue are recorded as revenues on the Council's books when received. Support received under grants with federal and state agencies are recorded as public support in the restricted fund when the related direct costs are incurred. However, reimbursement of indirect costs relating to these grants is recorded as public support in current unrestricted fund. Grants receivable at year end represent amounts due for allowable expenses incurred prior to year end.

Concentration of Credit Risk

The Organization maintains investments with a commercial bank, is insured by the Federal Deposit Insurance Corporation of \$100,000.

CONCENTRATION OF SUPPORT

During the year, the Organization derived approximately 96% of its revenue from the State of Louisiana Grants.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE #2. CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The Baton Rouge Black Alcoholism Council maintains two bank accounts at two financial institutions. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

At **December 31, 2005**, Baton Rouge Black Alcoholism Council had cash and cash equivalent (book balances) totaling **\$(1,466)**. These deposits are stated at cost, which approximates market. At **December 31, 2005**, Baton Rouge Black Alcoholism Council had **\$4,995** in deposits (collected bank balances) which was secured by FDIC insurance.

NOTE #3. GRANTS RECEIVABLE

Grants receivable at **December 31, 2005**, consist of reimbursements for expenses incurred under the following programs:

Louisiana Department Health & Hospitals	\$18,937
Louisiana Office of Public Health	7,446
Children's Hospital	5,798
Women's Health	16,869
	<hr/>
Total	49,050
	<hr/> <hr/>

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

NOTE #4. FIXED ASSETS

A summary of plant assets follows:

Equipment	\$33,282
Less: Accumulated Depreciation	(27,440)
	<hr/>
Total Equipment	5,842
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NOTE #5. JUDGEMENTS, CLAIMS AND SIMILAR CONTINGENCIES

The Council has represented to me that there are no litigation or pending claims against the Council as of **December 31, 2005**.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE #6. BOARD OF DIRECTORS' COMPENSATION

For the year ended **December 31, 2005**, the Board of Directors were a voluntary board; therefore, no compensation has been paid to any member.

NOTE #7 - RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft of, damage of and destruction of assets; errors and omissions and natural disasters for which the organization carries commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

NOTE #8. ECONOMIC DEPENDENCY

The Council receives the majority of its revenues from funds provided through payments administered by the Office of Public Health, Center of Disease Control and Department of Education. If significant budget cuts are made at the federal/state level the amount of funds the Council receives could be reduced significantly and have a impact on its operations. Management is not aware of any actions that will adversely effect the amount of funds the Council will receive in the next fiscal year.

NOTE #9. FEDERAL AND STATE ASSISTED PROGRAMS

The Council receives large amounts of Federal and State grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on past experience, disallowed cost, if any, for grants will be immaterial.

SUPPLEMENTAL INFORMATION

Certified Public Accountant



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

June 8, 2006

Baton Rouge Black Alcoholism Council
Baton Rouge, Louisiana

I have audited the financial statements of the Baton Rouge Black Alcoholism Council as of and for the year ended December 31, 2005, and have issued my report thereon dated June 8, 2006. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Baton Rouge Black Alcoholism Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered Baton Rouge Black Alcoholism Council'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 assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operations that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect its ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings.

A material weakness is a 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 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 we consider to be material weaknesses.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and distribution is not limited.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "A. D. Smith", is written in the lower right portion of the page.

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
SCHEDULE OF PRIOR YEARS AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2005

<u>REF</u> <u>NO.</u>	<u>FISCAL YEAR</u> <u>FINDING</u> <u>INITIALLY</u> <u>OCCURRED</u>	<u>DESCRIPTION OF FINDING</u>	<u>CORRECTIVE</u> <u>ACTION TAKEN</u> <u>(YES,NO,PARTIALLY)</u>	<u>CORRECTIVE</u> <u>ACTION/PARTIAL</u> <u>CORRECTIVE</u> <u>ACTION TAKEN</u>
1	12-31-03	Sample Revealed Two Unsupported Charges	Yes	No Unsupported Charges Noted

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
SCHEDULE OF CURRENT YEARS AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2005

REPORTABLE CONDITION: The Council had a bank overdraft of \$1,566.

CRITERIA: The Organization should not write more checks than it has cash in the bank.

CAUSE: The Organization was not aware of the low cash balance in the bank.

EFFECT: The Organization has a bank overdraft of \$1,566 to make up.

RECOMMENDATION: I recommend all bank accounts be reconciled in a timely manner and be monitored regularly to insure that overdrafts do not occur.

MANAGEMENT RESPONSE: Management will monitor cash more closely.

* * * *

BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2005

<u>REF</u> <u>NO.</u>	<u>DESCRIPTION</u> <u>OF FINDING</u>	<u>CORRECTIVE</u> <u>ACTION</u> <u>PLANNED</u>	<u>NAME OF</u> <u>CONTACT</u> <u>PERSON</u>	<u>ANTICIPATED</u> <u>COMPLETION</u> <u>DATE</u>
1.	Bank Overdraft	Bookkeeper Is Will Monitor Cash Balances More Closely	Shirley Lois	6-30-06

* * * *