

RECEIVED  
LEGISLATIVE AUDITOR  
2014 SEP 22 PM 3:05

**BATON ROUGE  
BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**BATON ROUGE, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2013**

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 OCT 01 2014

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
DECEMBER 31, 2013**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
<b>NOTES TO FINANCIAL STATEMENTS</b>	7-10
<b>SUPPLEMENTAL INFORMATION</b>	
<b>INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION</b>	
Schedule of Expenditures of Federal Awards	12
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	15-17
Schedule of Findings and Questioned Costs	18-20
Summary Schedule of Prior Audit Findings	21
Management's Corrective Action Plan	22-23

# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants  
100 Petroleum Drive, 70508  
P.O. Box 80569 • Lafayette, Louisiana 70598-0569  
(337) 232-3637 • Fax (337) 235-8557  
[www.wmddh.com](http://www.wmddh.com)

JOHN W. WRIGHT, CPA \*  
JAMES H. DUPUIS, CPA, CFP \*  
JAN H. COWEN, CPA \*  
LANCE E. CRAPPELL, CPA, CGMA \*  
MICAH R. VIDRINE, CPA \*  
TRAVIS M. BRINSKO, CPA \*  
RICK L. STUTES, CPA, CVA/ABV, APA \*  
CHRISTINE R. DUNN, CPA\*\*  
DAMIAN H. SPIESS, CPA, CFP\*\*  
JOAN MARTIN, CPA, CVA, CFF, DABFA\*\*  
BRIDGET B. TILLEY, CPA, MT\*\*

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA\*  
MICHAEL G. DEHART, CPA\*\*  
JOE D. HUTCHINSON, CPA\*\*

+ RETIRED  
^ DECEASED



STACY L. ANDERSON, CPA, CGMA  
STEPHANIE A. BLANK, CPA  
ROBERT T. DUCHARME, II, CPA  
STEPAN HAWKINS, CPA  
KAYLEEN HOWARD, CPA  
MARY PATRICIA KEELEY, CPA  
ROBIN T. LeBLANC, CPA  
WENDY ORTEGO, CPA, CVA  
ROBIN G. STOCKTON, CPA  
TINA B. VIATOR, CPA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Baton Rouge Black Alcoholism Council, Inc. (Metro Health) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, on our consideration of Baton Rouge Black Alcoholism Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering Baton Rouge Black Alcoholism Council, Inc.'s internal control over financial reporting and compliance.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC

Certified Public Accountants

Lafayette, Louisiana  
September 22, 2014

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 6,571
Grants and Contracts Receivable	<u>39,404</u>
Total Current Assets	<u>45,975</u>

**PROPERTY AND EQUIPMENT (NET)**

8,057

**TOTAL ASSETS**

\$ 54,032

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 27,202
Accrued Payroll and Related Liabilities	41,177
Related Party Loans	<u>19,975</u>
Total Current Liabilities	<u>88,354</u>

**TOTAL LIABILITIES**

88,354

**NET ASSETS**

Net Unrestricted Assets (Deficit)	<u>(34,322)</u>
Total Net Assets	<u>(34,322)</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 54,032

The accompanying notes are an integral part of these statements.

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.**

**STATEMENT OF ACTIVITIES  
DECEMBER 31, 2013**

**UNRESTRICTED NET ASSETS**

Unrestricted Revenues and Gains

Contributions

\$ 5,443

Grants and Contracts

594,522

**TOTAL PUBLIC SUPPORT AND REVENUES**

599,965

**EXPENSES AND LOSSES**

Program Services:

HIV/AIDS/STD Prevention

659,389

Supporting Services:

Management and General

5,826

Total Expenses

665,215

**INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS**

(65,250)

**NET ASSETS AT BEGINNING OF YEAR**

30,928

**NET ASSETS AT END OF YEAR**

\$ (34,322)

The accompanying notes are an integral part of these statements.

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2013**

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	
	<u>AIDS EDUCATION AND RELIEF</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
<b>Compensation and Related Expenses</b>			
Salaries	\$ 377,098	\$ -	\$ 377,098
Employee Benefits	12,766	-	12,766
Payroll Taxes	34,891	-	34,891
	<u>424,755</u>	<u>-</u>	<u>424,755</u>
Advertising	345	-	345
Bank Charges	-	996	996
Contract Personnel	96,288	-	96,288
Depreciation	5,387	-	5,387
Dues and Subscriptions	970	-	970
Incentives	7,872	-	7,872
Insurance	8,949	-	8,949
Interest Expense	-	596	596
Legal and Accounting	12,292	-	12,292
License	605	-	605
Meetings	3,821	-	3,821
Miscellaneous	556	-	556
Office Expense	2,005	-	2,005
Penalties	-	4,234	4,234
Postage	402	-	402
Printing	292	-	292
Professional	621	-	621
Program Expense	12,821	-	12,821
Rent	26,157	-	26,157
Repairs and Maintenance	329	-	329
Supplies/Materials	19,632	-	19,632
Travel and Seminars	29,704	-	29,704
Utilities and Telephone	5,586	-	5,586
	<u>\$ 659,389</u>	<u>\$ 5,826</u>	<u>\$ 665,215</u>
<b>TOTAL</b>	<b>\$ 659,389</b>	<b>\$ 5,826</b>	<b>\$ 665,215</b>

The accompanying notes are an integral part of these statements.

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.**

**STATEMENT OF CASH FLOWS  
DECEMBER 31, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in Net Assets	<u>\$ (65,250)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:	
Depreciation	5,387
Changes in Current Assets and Liabilities:	
Grants and Contracts Receivable	52,919
Technical Overdraft	(3,010)
Accounts Payable	16,024
Accrued Payroll and Related Liabilities	<u>2,598</u>
Net Cash Provided By Operating Activities	<u>8,668</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net Proceeds (Repayments) on Line of Credit	(2,961)
Net Proceeds (Repayments) on Loans	<u>(3,200)</u>
Net Cash Provided by (Used In) Financing Activities	<u>(6,161)</u>

**NET INCREASE IN CASH AND EQUIVALENTS**

2,507

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

4,064

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ 6,571

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING  
AND FINANCING ACTIVITIES**

Interest Expense	<u>\$ 596</u>
------------------	---------------

The accompanying notes are an integral part of these statements.



**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**(A) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Baton Rouge Black Alcoholism Council, Inc. (Organization) is a Louisiana voluntary health non-profit corporation, incorporated on December 12, 1988.

The mission of the Organization is to develop and implement strategies that will reduce the spread of HIV/AIDS and other sexually transmitted diseases (STDs); to educate and provide risk reduction counseling and testing to individuals in institutional and community settings; to encourage early HIV testing, to motivate behavioral changes in persons with behaviors that put them at risk of getting infected with HIV/STDs; to increase the awareness of preventive services; to render support and directions to persons infected with HIV and other STDs; to offer alcohol and drug prevention and referral services (basic education, and connect individuals with alcohol or drug problems to counseling and treatment services; to offer educational services on health issues.

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Currently, the Organization has no temporarily or permanently restricted net assets.

**Public Support and Revenue**

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions and grants received with donor-imposed restrictions that are met in the same year in which the contributions or grants are received are classified as unrestricted contributions and grants.

The Organization uses the allowance method to determine uncollectible unconditional promises to give receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At year-end there was no allowance for uncollectible accounts.

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**(A) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Prepaid Expenses**

Material insurance and similar services which extend benefit over more than one accounting period have been recorded as prepaid.

**Property and Equipment**

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

**Financial Statement Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Income Tax**

The Organization is exempt from Federal Income Taxes under Section 501 (c) (3) of the Internal Revenue Code, and has been designated as an organization other than a private foundation. Accordingly, no provision has been made for income taxes in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to tax return examinations for the years prior to 2010.

**Use of Estimates**

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

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**(A) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**Functional Allocation of Expenses**

The cost of providing the various program and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain cost have been allocated among the programs and supporting services benefited.

**(B) GRANTS RECEIVABLE**

The Organization's grants receivable at year end consist of the following:

State of Louisiana	<u>\$ 39,404</u>
--------------------	------------------

**(C) FIXED ASSETS**

A summary of fixed asset follows:

Equipment Cost	\$ 37,949
Accumulated Depreciation	<u>(29,892)</u>
Book Value	<u>\$ 8,057</u>

**(D) LINE OF CREDIT**

The Organization has a line of credit with Chase Card Services in the amount of \$4,000. The line carries an interest rate of 17.24% interest. As of year-end the Organization has \$ -0- outstanding and has \$4,000 of available credit.

**(E) RELATED PARTY**

As of December 31, 2013, the Organization has a zero interest loan with related party of \$19,975 to cover operating expenses.

**(F) LEASE OBLIGATIONS**

The Organization leases office space in two community center locations from the City of Baton Rouge for a monthly rental of \$1,000 and \$800 per month, respectively. The leases have expired and the Organization leases on a month to month basis. Rent expense related to these leases totaled \$26,157 at December 31, 2013.

**(G) JUDGMENTS, CLAIMS AND SIMILAR CONTINGENCIES**

There is no litigation or pending claims against the Organization.

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**(H) BOARD OF DIRECTORS COMPENSATION**

The Board of Directors is a voluntary board therefore no compensation has been paid to any member.

**(I) RISK MANAGEMENT**

The Organization is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No claims were made during the year.

**(J) ECONOMIC DEPENDENCY**

The Organization receives the majority of its revenues from funds provided through payments administered by the Department of Public Health and the City of Baton Rouge. If significant budget cuts are made at the federal and/or state level the amount of funds the Organization receives could be reduced significantly and have an impact on its operations. Management is aware of State budget cuts in 2013 and is making the necessary reductions in expenses and exploring additional funding sources.

**(K) CONTINGENCIES**

The Organization receives a portion of its revenues from governmental grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

**(L) GOING CONCERN UNCERTAINTY**

During 2013, the Organization experienced difficulty in obtaining sufficient funds to provide working capital. As of December 31, 2013, the Organization is at a deficit with no reserves and limited cash to operate. The Organization is heavily funded by grants with few other sources of revenue. As of September 2014, these funds are being held due to noncompliance with state reporting requirements. These factors create an uncertainty about the Organization's ability to continue as a going concern. Management is developing plans to generate unrestricted revenues and to significantly reduce operating costs. The ability of the Organization to continue as a going concern is dependent upon the success of these efforts. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

**(M) SUBSEQUENT EVENTS**

Subsequent events were evaluated through September 22, 2014, which is the date the financial statements were available to be issued.

**INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION**

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2013**

Federal Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Passed through the City of Baton Rouge-Parish of East Baton Rouge: Housing Opportunities for Persons with AIDS (HOPWA)	14.241	* LAH12F002	\$ <u>94,913</u>
Total for U.S. Department of Housing and Urban Development			<u>94,913</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through the Louisiana Department of Health and Hospitals: Project AIM (Adult Identity Mentoring)	93.092		34,905
Passed through the Capitol City Family Health Center, Inc. Ryan White Program	93.914		124,118
Passed through the HIV/AIDS Alliance for Region Two, Inc. (HAART): Sisters Informing Sisters on Topics about AIDS (SISTA)	93.939	*	77,418
Passed through the Louisiana Department of Health and Hospitals: STD/HIV Program	93.940	*	241,192
Passed through the Louisiana Capital Area Human Services District: Substance Abuse Block Grant	93.959		<u>21,976</u>
Total for U.S. Department of Health and Human Services			<u>499,609</u>
Total Expenditures			<u>\$ 594,522</u>

\* - denotes a major program

Note: The above Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants  
100 Petroleum Drive, 70508  
P.O. Box 80569 • Lafayette, Louisiana 70598-0569  
(337) 232-3637 • Fax (337) 235-8557  
[www.wmddh.com](http://www.wmddh.com)

JOHN W. WRIGHT, CPA \*

JAMES H. DUPUIS, CPA, CFP \*

JAN H. COWEN, CPA \*

LANCE E. CRAPPELL, CPA, CGMA \*

MICAH R. VIDRINE, CPA \*

TRAVIS M. BRINSKO, CPA \*

RICK L. STUTES, CPA, CVA/ABV, APA \*

CHRISTINE R. DUNN, CPA\*\*

DAMIAN H. SPIESS, CPA, CFP \*\*

JOAN MARTIN, CPA, CVA, CFF, DABFA\*\*

BRIDGET B. TILLEY, CPA, MT\*\*

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA\*  
MICHAEL G. DEHART, CPA \*\*  
JOE D. HUTCHINSON, CPA \*\*

\*RETIRED  
\*DECEASED



STACY L. ANDERSON, CPA, CGMA

STEPHANIE A. BLANK, CPA

ROBERT T. DUCHARME, II, CPA

STEFAN HAWKINS, CPA

KAYLEEN HOWARD, CPA

MARY PATRICIA KEELEY, CPA

ROBIN T. LeBLANC, CPA

WENDY ORTEGO, CPA, CVA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Baton Rouge Black Alcoholism Council, Inc. (a nonprofit organization), as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2014.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered Baton Rouge Black Alcoholism Council, 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 of the effectiveness of Baton Rouge Black Alcoholism Council, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Baton Rouge Black Alcoholism Council, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be material weakness.

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 misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, 2013-2.

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Baton Rouge Black Alcoholism Council, 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 or other matters that are required to be reported under *Government Auditing Standards*. However, an instance of noncompliance with Louisiana Revised Statutes was noted and is described in the accompanying schedule of findings and questioned costs as item 2013-1.

Baton Rouge Black Alcoholism Council, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Baton Rouge Black Alcoholism Council, Inc.'s response and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is intended for the information and use of management and the Board of Directors of Baton Rouge Black Alcoholism Council, Inc., and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC

Certified Public Accountants

Lafayette, Louisiana  
September 22, 2014



# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants  
100 Petroleum Drive, 70508  
P.O. Box 80569 • Lafayette, Louisiana 70598-0569  
(337) 232-3637 • Fax (337) 235-8557  
[www.wmddh.com](http://www.wmddh.com)

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

JOHN W. WRIGHT, CPA \*  
JAMES H. DUPUIS, CPA, CFP \*  
JAN E. COWEN, CPA \*  
LANCE E. CRAPPELL, CPA, CGMA \*  
MICAH R. VIDRINE, CPA \*  
TRAVIS M. BRINSKO, CPA \*  
RICK L. STUTES, CPA, CVA/ABV, APA \*  
CHRISTINE R. DUNN, CPA\*\*

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

DAMIAN H. SPIESS, CPA, CFP \*\*  
JOAN MARTIN, CPA, CVA, CFF, DABFA\*\*  
BRIDGET B. TILLEY, CPA, MT\*\*

### Report on Compliance for Each Major Federal Program

We have audited Baton Rouge Black Alcoholism Council, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Baton Rouge Black Alcoholism Council, Inc.'s major federal programs for the year ended December 31, 2013. Baton Rouge Black Alcoholism Council, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA \*  
MICHAEL G. DEHART, CPA \*\*  
JOE D. HUTCHINSON, CPA \*\*

\*RETIRED  
\*DECEASED

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.



### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Baton Rouge Black Alcoholism Council, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 Black Alcoholism Council, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

STACY L. ANDERSON, CPA, CGMA  
STEPHANIE A. BLANK, CPA  
ROBERT T. DUCHEARME, II, CPA  
STEFAN HAWKINS, CPA  
KAYLEEN HOWARD, CPA  
MARY PATRICIA KEELEY, CPA  
ROBIN T. LeBLANC, CPA  
WENDY ORTEGO, CPA, CVA  
ROBIN G. STOCKTON, CPA  
TINA B. VIATOR, CPA

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Baton Rouge Black Alcoholism Council, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

### **Report on Internal Control over Compliance**

Management of Baton Rouge Black Alcoholism Council, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Baton Rouge Black Alcoholism Council, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Baton Rouge Black Alcoholism Council, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Baton Rouge Black Alcoholism Council, Inc. as of and for the year ended December 31, 2013, and have issued our report thereon dated September 22, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC

Certified Public Accountants

Lafayette, Louisiana  
September 22, 2014

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013**

We have audited the financial statements of Baton Rouge Black Alcoholism Council, Inc. as of and for the year ended December 31, 2013, and have issued our report thereon dated September 22, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2013 resulted in an unmodified opinion.

***Section I - Summary of Auditors' Reports***

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

Internal Control

Significant Deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material Weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Compliance

Noncompliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
--	------------------------------	--

**b. *Federal Awards***

Major Programs Identification

Baton Rouge Black Alcoholism Council, Inc. at December 31, 2013, had two major programs:

- Department of Health and Human Services – Passed through the HIV/AIDS Alliance for Region Two, Inc. (HAART) - CFDA No. 93.939
- Department of Health and Human Services – Passed through the Louisiana Department of Health and Hospital - CFDA No. 93.940

Low-Risk Auditee

Baton Rouge Black Alcoholism Council, Inc. is not considered a low-risk auditee for the year ended December 31, 2013.

Major Programs - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2013.

**c. *Management Letter***

Was a management letter issued?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---------------------------------	---	-----------------------------

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued  
YEAR ENDED DECEMBER 31, 2013**

***Section II - Financial Statement Findings***

**2013-1 Timely Filing**

***Statement of Condition:***

The Baton Rouge Black Alcoholism Council, Inc. neglected to submit audited financial statements in a timely manner, as required by Louisiana Revised Statutes.

***Criteria:***

Agencies that must report to the Louisiana Legislative Auditor must comply with Louisiana State Statutes and submit their audited financial statements within six months after the fiscal year end.

***Effect of Condition:***

The delay in the audit submission caused the entity to be out of compliance with Louisiana Revised Statutes.

***Cause of Condition:***

The Organization requested an extension with one of their grantor's and was under the impression that this extension also applied to the Legislative Auditor's deadline. No effect on the financial statements.

***Recommendation:***

Management should implement procedures to insure that all required filing deadlines are met.

**2013-2 Material Misstatements**

***Statement of Condition:***

Management failed to take all steps necessary to ensure that an effective structure of internal control was in place and functioning as designed in order to prevent, or detect and correct material misstatements on a timely basis.

***Criteria:***

Government Auditing Standards require that an adequate system of internal control be in place in order to safeguard assets and assure proper recording of transactions.

***Effect of Condition:***

The condition resulted in the auditors proposing numerous and material audit adjusting journal entries.

***Cause of Condition:***

Management did not establish an effective structure of internal control and did not maintain effective oversight to assure that the controls were in place and functioning as designed.

***Recommendation:***

Management should implement procedures to insure that an adequate structure of internal control is in place and functioning as designed.

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued  
YEAR ENDED DECEMBER 31, 2013**

***Section III - Federal Awards Findings and Questioned Costs***

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

**BATON ROUGE BLACK ALCOHOLISM COUNCIL, INC.  
D/B/A METRO HEALTH**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2013**

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>
2012-1	12/31/2012	The Baton Rouge Black Alcoholism Council, Inc. neglected to submit audited financials statements in a timely manner as required by Louisiana Revised Statutes.	No, repeated as finding 2013-1.
2012-2	12/31/2012	Management failed to take all steps necessary to ensure that an effective structure of internal control was in place and functioning as designed in order to prevent, or detect and correct material misstatements on a timely basis.	No, repeated as finding 2013-2.



Shirley A. Lolis, Executive Director/CEO  
Wendell James, Asst. Director

## **METRO HEALTH**

950 East Washington Street  
Baton Rouge, LA 70802  
Phone (225) 338-9333 Fax (225) 338-9963

### **BOARD OF DIRECTORS**

Eddie Johnson, President  
Michael Stewart, Vice President  
Virginia Ventress, Secretary  
Sherman Ruth, Treasurer  
Renee Rounds  
Dr. James E. Hines  
Yolanda Criss  
Ruth Williams  
Lucinda Louis

## **MANAGEMENT'S CORRECTIVE ACTION PLAN YEAR ENDED DECEMBER 31, 2013**

### **Louisiana Legislative Auditor**

The Baton Rouge Black Alcoholism Council, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2013.

#### **2013-1 Timely Filing**

##### ***Statement of Condition:***

The Baton Rouge Black Alcoholism Council, Inc. neglected to submit audited financial statements in a timely manner.

##### ***Recommendation:***

Management should implement procedures to insure that all required filing deadlines are met.

##### ***Management's Response:***

We will implement procedures to ensure timely filing.

#### **2013-2 Material Misstatements**

##### ***Statement of Condition:***

Management failed to take all steps necessary to ensure that an effective structure of internal control was in place and functioning as designed in order to prevent, or detect and correct material misstatements on a timely basis.

##### ***Recommendation:***

Management should implement procedures to insure that an adequate structure of internal control is in place and functioning as designed.

##### ***Management's Response:***

We will re-evaluate our internal control process and provide more oversight in the future.

### ***Management Letter***

#### **2013-1ML Timely Payments**

***Auditors' Comment:*** During our audit of payroll liabilities, we noticed a past due balance in paying 941 tax payments. This represents a compliance issue.

***Auditors' Recommendation:*** We recommend making the payroll tax payments by the due date to avoid being out of compliance with IRS requirements and incurring late fees.

***Management's Response:*** We are aware of this issue and we are working with the IRS to remit all tax payments.



**MANAGEMENT'S CORRECTIVE ACTION PLAN - continued**  
**YEAR ENDED DECEMBER 31, 2013**

***2013-2 ML Contract Labor***

***Auditors' Comment:*** During our audit of grants, we noticed some employees who receive a W-2 are also receiving a 1099 - MISC for the work performed on certain grants. Based on the Internal Revenue Code, the business relationship that exists between the entity and the person performing the services must be established. All information that provides evidence of the degree of control and independence must be considered. Facts that provide evidence of the degree of control and independence fall into three categories: behavioral, financials and type of relationship. Based on our understanding of your relationship with these individuals, they should be considered employees.

***Auditors' Recommendation:*** We recommend processing all payments for services performed within the scope of HIV/AIDS/STD testing, education, awareness and/or prevention through payroll, making the necessary tax payments and issuing a W-2. We also recommend conferring with the IRS for further clarification and clearance to avoid paying the employment taxes in the future due to misclassification of employees. Refer to Internal Revenue Code section 3509 for more information.

***Management's Response:*** We will consult with the IRS regarding this matter as we are in disagreement with your recommendation.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Wendell James, Assistant Director, at 225-338-9333.

Sincerely,



Shirley Lolis  
Executive Director  
Baton Rouge Black Alcoholism Council, Inc.

# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants  
100 Petroleum Drive, 70508  
P.O. Box 80569 • Lafayette, Louisiana 70598-0569  
(337) 232-3637 • Fax (337) 235-8557  
[www.wmddh.com](http://www.wmddh.com)

September 22, 2014

JOHN W. WRIGHT, CPA \*  
JAMES H. DUPUIS, CPA, CFP \*  
JAN H. COWEN, CPA \*  
LANCE E. CRAPPELL, CPA, CGMA \*  
MICAH R. VIDRINE, CPA \*  
TRAVIS M. BRINSKO, CPA \*  
RICK L. STUTES, CPA, CVA/ABV, APA\*  
CHRISTINE R. DUNN, CPA\*\*  
DAMIAN H. SPIESS, CPA, CFP \*\*  
JOAN MARTIN, CPA, CVA, CFF, DABFA\*\*  
BRIDGET B. TILLEY, CPA, MT\*\*

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY

M. TROY MOORE, CPA^  
MICHAEL G. DEHART, CPA \* +  
JOE D. HUTCHINSON, CPA \* +

+RETIRED  
^DECEASED



STACY L. ANDERSON, CPA, CGMA  
STEPHANIE A. BLANK, CPA  
ROBERT T. DUCHARME, II, CPA  
STEFAN HAWKINS, CPA  
KAYLEEN HOWARD, CPA  
MARY PATRICIA KEELEY, CPA  
ROBIN T. LeBLANC, CPA  
WENDY ORTEGO, CPA, CVA  
ROBIN G. STOCKTON, CPA  
TINA B. VIATOR, CPA

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

In planning and performing our audit of the financial statements of Baton Rouge Black Alcoholism Council, Inc., as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Council's internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the Organization's internal control in our report dated September 22, 2014. This letter does not affect our report dated September 22, 2014, on the financial statements of Baton Rouge Black Alcoholism Council, Inc.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC

Certified Public Accountants

## MANAGEMENT LETTER

For Year Ended: December 31, 2013

### 2013-1 ML TIMELY PAYMENTS

*Auditors' Comment:* During our audit of payroll liabilities, we noticed a past due balance in paying 941 tax payments. This represents a compliance issue.

*Auditors' Recommendation:* We recommend making the payroll tax payments by the due date to avoid being out of compliance with IRS requirements and incurring late fees.

*Management's Response:* We are aware of this issue and we are working with the IRS to remit all tax payments.

### 2013-2 ML CONTRACT LABOR

*Auditors' Comment:* During our audit of grants, we noticed some employees who receive a W-2 are also receiving a 1099 - MISC for the work performed on certain grants. Based on the Internal Revenue Code, the business relationship that exists between the entity and the person performing the services must be established. All information that provides evidence of the degree of control and independence must be considered. Facts that provide evidence of the degree of control and independence fall into three categories: behavioral, financials and type of relationship. Based on our understanding of your relationship with these individuals, they should be considered employees.

*Auditors' Recommendation:* We recommend processing all payments for services performed within the scope of HIV/AIDS/STD testing, education, awareness and/or prevention through payroll, making the necessary tax payments and issuing a W-2. We also recommend conferring with the IRS for further clarification and clearance to avoid paying the employment taxes in the future due to misclassification of employees. Refer to Internal Revenue Code section 3509 for more information.

*Management's Response:* We will consult with the IRS regarding this matter as we are in disagreement with your recommendation.