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INDEPENDENT AUDITOR'S REPORT

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS  
JUNE 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the State Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 3 0 1998

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**Randall A. Plaisance, CPA**

*A Professional Accounting Corporation*

8146 One Calais Avenue Suite #104

Baton Rouge, Louisiana 70809

(504) 763-5945 FAX (504) 763-5951

Board of Directors  
Baton Rouge Area Alcohol and Drug Center, Inc.  
(A Not for Profit Organization)  
Baton Rouge, Louisiana

We have audited the accompanying balance sheet of Baton Rouge Alcohol and Drug Center, Inc. as of June 30, 1998, and the related statements of revenues and expenses, changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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. 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, 1998 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 1998 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 and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Randall A. Plaisance, APAC*

Baton Rouge, Louisiana  
December 2, 1998

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

BALANCE SHEET  
JUNE 30, 1998

ASSETS

CURRENT ASSETS

Cash in bank	\$ 8,914
Accounts receivable ( Note 3)	73,989
Prepaid Expenses	<u>6,380</u>
Total Current Assets	<u>89,283</u>

FURNITURE, EQUIPMENT AND VEHICLE – at cost

Furniture and equipment	83,943
Vehicle	11,284
Leasehold improvements	15,606
Accumulated depreciation (deduction)	<u>(83,303)</u>
	<u>27,530</u>

TOTAL ASSETS \$ 116,813

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable	\$ 4,391
Accrued vacation payable (Note 4)	9,994
Payroll taxes payable	<u>2,792</u>
Total Current Liabilities	17,177

FUND BALANCE (Note 5) 99,636

TOTAL LIABILITIES AND FUND BALANCE \$116,813

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

STATEMENT OF REVENUES AND EXPENSES  
YEAR ENDED JUNE 30, 1998

REVENUES (Note 3)

Capital Area Human Services District	\$289,938
City of Baton Rouge and Parish of East Baton Rouge	195,694
United Way allocation	18,551
Client fund revenues	11,338
Other revenues	<u>1,242</u>
Total Revenues	<u>516,763</u>

EXPENSES

Advertising, dues, subscriptions	670
Auditing fee	1,975
Auto maintenance and supplies	2,272
Building maintenance (Note 3)	2,925
Client fund expense	11,673
Communications	2,809
Depreciation expense	12,892
Food Services	75,848
Insurance:   General	14,341
Accident and health	17,090
Workers' compensation	6,576
Laundry	10,291
License Fees	600
Health Certificate Exam	890
Maintenance and repairs	3,854
Medical services	7200
Payroll taxes	22,801
Printing and office expense	2,741
Professional services	5,686
Rent expense (Note 3)	20,083
Salaries	279,063
Supplies:   Building and general	16,608
Food and medical	4,838
Travel	725
Utilities and occupancy expense (Note 3)	<u>4,759</u>
Total expenses	<u>529,210</u>
Excess of Expenses over Revenues	<u>(\$ 12,447)</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

STATEMENT OF CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 1998

Fund Balance, Beginning of Year	\$112,083
Excess of Revenues over Expenses	<u>(12,447)</u>
Fund Balance, End of Year	<u>\$ 99,636</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received - CAHSD	\$ 256,371
- City of Baton Rouge	181,804
- United Way	18,551
Client fund collections	11,266
Other cash receipts	1,242
Cash paid to suppliers of goods and services	( 189,852)
Salaries paid	( 278,303)
Payroll taxes paid	<u>(22,732)</u>
Net cash used in operating activities	<u>(21,653)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures – furniture and equipment	<u>(7,008)</u>
<u>NET DECREASE IN CASH</u>	(28,661)
Cash at beginning of period	<u>37,575</u>
Cash at end of period	<u>\$ 8,914</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

1. Summary of Significant Accounting Policies

Organization

Baton Rouge Area Alcohol and Drug Center, Inc. was incorporated on August 3, 1972. Its stated purpose is to provide services to the alcohol and drug abuser including coordination and cooperation with other agencies (both public and private) in the field. The majority of its funds come from the Capital Area Human Services District and the City of Baton Rouge.

Furniture, Equipment and Vehicle

Properties are stated at cost. Maintenance and repairs are charged to expense and improvements are capitalized. Gains and losses from sales or retirement are recognized in the period of disposition.

Depreciation

Depreciation of the furniture, equipment and building is computed using the straight-line method over their estimated useful lives which ranges from 5 to 7 years.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Income Tax

The Center is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

Statement of Cash Flows

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates in the Preparation of Financial Statements

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

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

2. Reconciliation of Net Income to Net Cash Provided by Operating Activities

a. A reconciliation of the net income to net cash provided by operating activities for the year ended June 30, 1998 is as follows:

Net loss	(\$12,447)
Adjustments to reconcile net income to net Cash provided by operating activities	
Depreciation	12,892
Net increase in accounts receivable	(18,703)
Net decrease in prepaid expense	2,411
Net decrease in accounts payable	(5,562)
Net increase in accrued vacation	760
Net decrease in payroll taxes payable	<u>(1,004)</u>
 Net cash used in operating activities	 <u>(\$ 21,653)</u>

b. Schedule of non-cash transactions

The non-cash support provided by the City has not been reflected in the Statement of Cash Flows. See Note 3.

3. Revenues, Donated Materials and Services

The Center is funded monthly by each of its funding agencies, Capital Area Human Services District, City of Baton Rouge and the United Way. The CAHSD contract is on a fiscal year basis (June 30, 1998) while the City and the United Way are on a calendar year basis. The CAHSD contract is on a per diem basis. At June 30, 1998 the Center had receivables from the CAHSD of \$71,995 and from client funds of \$1,849.

The City provides the facilities occupied by the Center free of rent. It also pays the utilities and maintenance costs associated with the facility. The rental value assigned to the use of the building was \$5.75 per square foot. Any amounts greater than this were recorded at the amount expended by the City. A summary of the City's total support (both cash and donated materials/services) for the year ended June 30, 1998 is reflected below.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

3. Revenues, Donated Materials and Services (continued)

Rent expense	\$ 20,083
Utilities and occupancy expense	4,759
Building maintenance	<u>2,925</u>
Non-cash support	27,767
Cash support	<u>167,927</u>
Total City Support	<u>\$195,694</u>

4. 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 Center 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 at June 30, 1998 represents accumulated leave at the employee's current rate of pay.

5. Fund Balance

The composition of the fund balance is as follows at June 30, 1998:

Unrestricted	\$ 72,106
Furniture, Equipment and Vehicle	<u>27,530</u>
	<u>\$ 99,636</u>

6. Compensation of Board of Directors

No member of the Center's Board of Directors received any compensation or per diem.

**Randall A. Plaisance, CPA**

*A Professional Accounting Corporation*

8146 One Calais Avenue Suite #104

Baton Rouge, Louisiana 70809

(504) 763-5945 FAX (504) 763-5951

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

To the Board of Directors  
Baton Rouge Area Alcohol and Drug Center, Inc.  
(A Not for Profit Organization)  
Baton Rouge, Louisiana

We have audited the financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. as of and for the year ended June 30, 1998 and have issued our report thereon dated December 2, 1998. We conducted our 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 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 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 our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control structure over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We 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 board of directors and management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Baton Rouge, Louisiana  
December 2, 1998

*Randall A. Plaisance, APAC*

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

To the Board of Directors  
Baton Rouge Area Alcohol and Drug Center, Inc.  
(A Not for Profit Organization)  
Baton Rouge, Louisiana

**Compliance**

We have audited the compliance of Baton Rouge Area Alcohol and Drug Center, Inc. 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, 1998. Baton Rouge Area Alcohol and Drug Center, Inc.'s major federal programs are identified on page 12, Schedule of Expenditures of Federal Awards. 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 generally accepted auditing standards, 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, 1998.

## **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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

## **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 1998, and have issued our report thereon dated December 2, 1998. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Randall A. Plaisance, APAC*

Baton Rouge, Louisiana  
December 2, 1998

RAP

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A NOT FOR PROFIT ORGANIZATION)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
State of Louisiana Department of Health and Hospitals	13.992	CFMS 522955 DHH#63866	\$289,938

Pass through Grantor:

Office of Human Services,  
Division of Alcohol and Drug  
Abuse

Capital Area Human Services District

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.