

**Mental Health Association
for Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
June 30, 2019**

Table of Contents

Independent Auditor's Report	Page 3
Financial Statements	
Statements of Financial Position	Page 5
Statements of Activities	Page 6
Statements of Functional Expenses	Page 8
Statements of Cash Flows	Page 10
Notes to Financial Statements	Page 11
Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	Page 19
Independent Auditor's 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>	Page 20
Schedule of Current Year Audit Findings	Page 22
Schedule of Prior Year Findings and Responses	Page 23



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Independent Auditor's Report

Board of Directors
Mental Health Association for Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Mental Health Association for Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 auditor's judgment, including the assessment of the risks of material misstatement 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 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 Mental Health Association for Greater Baton Rouge, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019, on our consideration of Mental Health Association for Greater Baton Rouge, 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 solely 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 effectiveness of Mental Health Association for Great Baton Rouge, Inc.'s 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 Mental Health Association for Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

November 13, 2019

Mental Health Association for Greater Baton Rouge, Inc.
Statements of Financial Position
June 30, 2019 and 2018

Assets		2019	2018
		<u></u>	<u></u>
Current Assets			
Cash and cash equivalents	\$	165,817	\$ 185,459
Cash held for others		19,876	9,614
		<u>185,693</u>	<u>195,073</u>
Total cash and cash equivalents			
Certificates of deposit		86,867	86,117
Contractual reimbursements receivable		58,174	55,575
Prepaid insurance		12,092	12,078
Other receivables		153	77
		<u>342,979</u>	<u>348,920</u>
Total current assets			
Property and Equipment, Net		124,032	105,222
		<u>124,032</u>	<u>105,222</u>
Total assets	\$	<u>467,011</u>	\$ <u>454,142</u>
		<u></u>	<u></u>
Liabilities and Net Assets			
Current Liabilities			
Line of credit	\$	2,916	\$ 9,984
Accounts payable		12,737	16,507
Payroll liabilities		3,051	5,501
Client funds held		19,876	9,614
Accrued expenses		20,369	21,510
Deferred revenue		-	5,000
		<u>58,949</u>	<u>68,116</u>
Total current liabilities			
Net Assets			
Without donor restrictions		391,073	339,033
With donor restrictions		16,989	46,993
		<u>408,062</u>	<u>386,026</u>
Total net assets			
Total liabilities and net assets	\$	<u>467,011</u>	\$ <u>454,142</u>
		<u></u>	<u></u>

The accompanying notes are an integral part of these financial statements.

Mental Health Association for Greater Baton Rouge, Inc.
Statement of Activities
Year Ended June 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support			
Allocated by the Capital Area United Way	\$ 108,340	\$ -	\$ 108,340
Grant income	104,737	30,880	135,617
Fundraising	78,206	-	78,206
Contributions and other	2,706	-	2,706
In-kind contributions	26,400	-	26,400
Net assets released from donor restrictions	60,884	(60,884)	-
	381,273	(30,004)	351,269
Revenue			
Contractual governmental revenue	538,481	-	538,481
	919,754	(30,004)	889,750
Expenses			
Program services	757,350	-	757,350
Management and general	82,126	-	82,126
Fundraising	31,959	-	31,959
	871,435	-	871,435
Other Income			
Interest and dividend income	3,721	-	3,721
Change in Net Assets	52,040	(30,004)	22,036
Net Assets, beginning of year	339,033	46,993	386,026
Net Assets, end of year	\$ 391,073	\$ 16,989	\$ 408,062

The accompanying notes are an integral part of these financial statements.

Mental Health Association for Greater Baton Rouge, Inc.
Statement of Activities
Year Ended June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support			
Allocated by the Capital Area United Way	\$ 141,172	\$ -	\$ 141,172
Grant income	138,581	95,544	234,125
Fundraising	65,969	-	65,969
Contributions and other	14,787	-	14,787
In-kind contributions	26,400	-	26,400
Net assets released from donor restrictions	88,798	(88,798)	-
	<u>475,707</u>	<u>6,746</u>	<u>482,453</u>
Revenue			
Contractual governmental revenue	411,025	-	411,025
	<u>886,732</u>	<u>6,746</u>	<u>893,478</u>
Expenses			
Program services	693,448	-	693,448
Management and general	60,422	-	60,422
Fundraising	47,375	-	47,375
	<u>801,245</u>	<u>-</u>	<u>801,245</u>
Other Income			
Interest and dividend income	5,771	-	5,771
	<u>91,258</u>	<u>6,746</u>	<u>98,004</u>
Change in Net Assets			
Net Assets, beginning of year	247,775	40,247	288,022
Net Assets, end of year	<u>\$ 339,033</u>	<u>\$ 46,993</u>	<u>\$ 386,026</u>

The accompanying notes are an integral part of these financial statements.

Mental Health Association for Greater Baton Rouge, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services				Total Program Services	Supporting Services		Total Expenses
	Residential Center	Drop-In Center	Target Health	Education and Referral		Manage- ment and General	Fund- raising	
Salaries and Related Benefits								
Salaries	\$ 206,563	\$ 102,107	\$ 72,739	\$ 8,703	\$ 390,112	\$ 34,814	\$ 8,703	\$ 433,629
Employee health and retirement benefits	6,870	11,438	8,363	748	27,419	2,993	748	31,160
Payroll taxes and other	16,675	8,259	5,312	663	30,909	2,654	663	34,226
Total salaries and related benefits	230,108	121,804	86,414	10,114	448,440	40,461	10,114	499,015
Other Expenses								
Supplies	20,154	10,937	4,832	561	36,484	2,244	562	39,290
Maintenance and repairs	14,126	4,436	1,063	143	19,768	4,170	144	24,082
Travel and meetings	1,103	617	516	63	2,299	189	126	2,614
Rent and utilities	44,911	56,327	1,282	256	102,776	1,025	257	104,058
Postage	391	1,196	501	98	2,186	391	98	2,675
Telephone	6,224	6,080	1,443	248	13,995	994	248	15,237
Insurance	17,366	18,123	4,611	758	40,858	3,030	759	44,647
Professional fees and contract services	19,693	3,460	4,491	394	28,038	22,426	394	50,858
Interest expense	90	112	112	22	336	90	22	448
Training	1,968	2,112	2,362	84	6,526	336	84	6,946
Fundraising	-	-	-	-	-	-	17,459	17,459
Other expenses	11,510	16,208	8,644	436	36,798	1,744	436	38,978
Total other expenses	137,536	119,608	29,857	3,063	290,064	36,639	20,589	347,292
Total Expenses before Depreciation	367,644	241,412	116,271	13,177	738,504	77,100	30,703	846,307
Depreciation	5,026	6,282	6,282	1,256	18,846	5,026	1,256	25,128
Total Expenses	<u>\$ 372,670</u>	<u>\$ 247,694</u>	<u>\$ 122,553</u>	<u>\$ 14,433</u>	<u>\$ 757,350</u>	<u>\$ 82,126</u>	<u>\$ 31,959</u>	<u>\$ 871,435</u>

The accompanying notes are an integral part of these financial statements.

Mental Health Association for Greater Baton Rouge, Inc.
Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services					Supporting Services		
	Residential Center	Drop-In Center	BRIDGES	Education and Referral	Total Program Services	Management and General	Fund-raising	Total Expenses
Salaries and Related Benefits								
Salaries	\$ 170,334	\$ 104,750	\$ 49,309	\$ 7,856	\$ 332,249	\$ 23,569	\$ 15,712	\$ 371,530
Employee health and retirement benefits	9,417	9,292	1,552	388	20,649	1,164	776	22,589
Payroll taxes and other	19,228	8,403	3,603	598	31,832	1,795	1,197	34,824
Total salaries and related benefits	198,979	122,445	54,464	8,842	384,730	26,528	17,685	428,943
Other Expenses								
Supplies	15,974	10,314	4,530	270	31,088	811	540	32,439
Maintenance and repairs	13,071	11,023	479	120	24,693	3,009	240	27,942
Travel and meetings	844	1,624	8,685	7	11,160	20	13	11,193
Rent and utilities	44,905	59,128	1,077	269	105,379	808	539	106,726
Postage	318	857	289	64	1,528	191	127	1,846
Telephone	8,228	6,452	1,348	336	16,364	1,007	671	18,042
Insurance	18,331	18,331	3,054	763	40,479	2,290	1,527	44,296
Professional fees and contract services	5,368	9,243	2,505	626	17,742	21,621	1,253	40,616
Interest expense	174	174	139	35	522	104	70	696
Training	1,813	1,814	297	74	3,998	223	149	4,370
Fundraising	-	-	-	-	-	-	22,026	22,026
Other expenses	11,079	8,018	11,709	639	31,445	1,925	1,278	34,648
Total other expenses	120,105	126,978	34,112	3,203	284,398	32,009	28,433	344,840
Total Expenses before Depreciation	319,084	249,423	88,576	12,045	669,128	58,537	46,118	773,783
Depreciation	17,767	3,412	2,513	628	24,320	1,885	1,257	27,462
Total Expenses	<u>\$ 336,851</u>	<u>\$ 252,835</u>	<u>\$ 91,089</u>	<u>\$ 12,673</u>	<u>\$ 693,448</u>	<u>\$ 60,422</u>	<u>\$ 47,375</u>	<u>\$ 801,245</u>

The accompanying notes are an integral part of these financial statements.

Mental Health Association for Greater Baton Rouge, Inc.
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 22,036	\$ 98,004
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain on disposal of property	(1,533)	-
Depreciation	25,128	27,462
(Increase) decrease in assets:		
Contractual reimbursements receivable	(2,599)	(15,500)
Prepaid insurance	(14)	(741)
Other receivables	(76)	7,923
Increase (decrease) in liabilities:		
Accounts payable	(3,770)	(6,925)
Payroll liabilities	(2,450)	2,700
Client funds held	10,262	(403)
Accrued expenses	(1,141)	(8,702)
Deferred revenue	(5,000)	5,000
Net cash provided by operating activities	40,843	108,818
Cash Flows from Investing Activities		
Purchase of property and equipment	(44,694)	(6,019)
Proceeds from sale of equipment	2,289	-
Certificate of deposits, reinvested	(750)	(1,451)
Net cash used in investing activities	(43,155)	(7,470)
Cash Flows from Financing Activities		
Decrease in line of credit	(7,068)	(3,585)
Net cash used in financing activities	(7,068)	(3,585)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,380)	97,763
Cash and Cash Equivalents, beginning of year	195,073	97,310
Cash and Cash Equivalents, end of year	\$ 185,693	\$ 195,073
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	\$ 448	\$ 696

The accompanying notes are an integral part of these financial statements.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2019

Note 1-Nature of Organization

Mental Health Association for Greater Baton Rouge, Inc. (the “Association”) is a not-for-profit corporation organized under the laws of the State of Louisiana to promote citizen interest and activity to bring about prevention of mental illness, promotion of good mental health, and improved services for the mentally ill. Services are provided across the state; however, the majority of services are provided in the greater Baton Rouge metropolitan area.

Mental Health Association for Greater Baton Rouge, Inc.’s program services are supported through allocations received from the Capital Area United Way and contractual governmental revenue from the State of Louisiana. As the Association depends primarily on contractual governmental revenue, future operating results are contingent on the Association’s continuing ability to secure contracts and grants from the State of Louisiana and others. The Association operates the following programs:

Bielkiewicz House Residential Center. The Bielkiewicz House Residential Center provides transitional housing for persons with mental illnesses and other disabilities. The Residential Center provides housing for 11 male and 13 female clients for up to six months. The staff works closely with clients assisting with financial management, budgeting, job placement, and permanent housing. Clients are also provided assistance in accessing community based rehabilitative and therapeutic services. The Bielkiewicz House Residential Center provides these services primarily through a contract with Louisiana Rehabilitation Services.

Alliance House Drop-In Center. The Alliance House Drop-In Center provides a consumer-controlled self-help service, which supplements medical mental health services. The Drop-In Center assists persons with mental illnesses by offering both organized and informal recreational and social activities. Consumers assist each other in solving their social, recreational, housing, transportation, and vocational needs. Consumer staff is available on site to ensure the continuing operation of the center through the provision of material resources and technical support while maintaining a low profile in daily operations. The Drop-In Center is a program funded in part by the Capital Area Human Services District.

Target Health. Target Health is a statewide training program and Peer Support group model developed to encourage increased residency, wellness, and self-management of health and behavioral health among people with mental illnesses and substance use disorders. The program trains facilitators in order to conduct eight (8) week long support groups in each of the ten (10) Local Governing Entities (LGE). The Target Health program is funded by the Louisiana Office of Behavioral Health.

BRIDGES. The Bridges Peer Education and Support Program was a two-part mental health consumer-run program that offered educational classes and support groups to mental health consumers. The consumer educators were trained and provided with the educational materials and support they needed to teach the 10-week classes. The Bridges program was funded by the Louisiana Office of Mental Health and ended during the 2018 fiscal year.

Education and Referral. The Association provides educational workshops for consumers and teaches them the skills necessary to cope with life crises. The Association also provides educational resources and referral services to consumers.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2019

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed on them by donors: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by the Association is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. At June 30, 2019 and 2018, the Association had net assets with donor restrictions totaling \$16,989 and \$46,993, respectively. See Note 9 for additional information.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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 reporting periods. Actual results may differ from those estimates.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

D. Certificates of Deposit

Certificates of deposit purchased with a maturity greater than three months are carried at cost plus accrued interest, which approximates market value.

E. Contractual Reimbursements Receivable

Contractual reimbursements receivable are recorded at net realizable value consisting of the carrying amount less an allowance for doubtful accounts. The Association determines its allowance for doubtful accounts based on prior years' experiences and management's analysis of possible bad debts. The Association uses specific identification, charging off old receivables on a case-by-case basis. The Association considers all accounts receivable at June 30, 2019 and 2018 to be fully collectible and, therefore, did not provide an allowance for doubtful accounts.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2019

Note 2-Summary of Significant Accounting Policies (Continued)

F. Contributions Receivable

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

G. Property and Equipment

Expenditures for the acquisition of property and equipment equal to or greater than \$500 are capitalized at cost, while maintenance and repairs are expensed when incurred. Donations of property and equipment are recorded as in-kind contributions at their estimated fair value. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and improvements	3 - 39.5 years
Equipment	3 - 10 years
Leasehold improvements	7 - 10 years
Vehicles	5 years
Software	3 years

H. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and utilities, which are allocated on a square-footage basis; supplies and depreciation, which are allocated based on periodic studies of supply and asset usage; as well as salaries and related benefits, which are allocated based on the relative proportion of various staff members' time and effort between program and administrative functions. Other expenses are allocated based on use.

I. Income Taxes

The Association has been recognized by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes. The Association is not classified as a private foundation. Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Association were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes.

Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2019

Note 2-Summary of Significant Accounting Policies (Continued)

J. New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

K. Liquidity Management

As of June 30, 2019, the following financial assets could be made readily available to meet general expenditures within one year of the date of the statement of financial position:

Cash and cash equivalents	\$ 165,817
Certificates of deposit	86,867
Receivables	<u>58,327</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 311,011</u>
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As part of its liquidity management, the Association has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition to the above amounts, the Association has a \$50,000 line of credit with a financial institution, which is discussed further in Note 8.

Note 3-Cash Held for Others

Cash held for others represents funds collected from and held on behalf of clients enrolled in the Bielkiewicz House Residential Center program. The funds are deposited into a separate bank account and held until the individual completes or otherwise exits the program. The Association maintains a liability for the related client funds held.

Note 4-Certificates of Deposit

Certificates of deposit as of June 30, 2019 and 2018 were comprised of the following:

	<u>2019</u>	<u>2018</u>
Certificate of deposit with a local bank, maturing on October 12, 2020, bearing interest of 1.24% at June 30, 2019 and 2018, respectively.	\$ 33,002	\$ 33,002
Certificate of deposit with a local bank, maturing on September 8, 2020, bearing interest of 1.49% and 1.14% at June 30, 2019 and 2018, respectively. This certificate of deposit serves as collateral on the Association's line of credit as described in Note 8.	<u>53,865</u>	<u>53,115</u>
	<u>\$ 86,867</u>	<u>\$ 86,117</u>

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2019

Note 5-Contractual Governmental Revenue

<u>Year Ended June 30, 2019</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Total Contract</u>	<u>Recognized Revenue</u>
State of Louisiana				
Department of Health and Hospitals				
Office of Mental Health – Target Health	356811	7/1/18 – 6/30/21	\$ 270,000	\$ 88,747
Capital Area Human Services District-				
Drop-In Center	354159	7/1/18 – 6/30/19	144,660	144,660
Louisiana Rehabilitation Services		7/1/18 – 6/30/19		305,074
Total contractual governmental revenue				<u>\$ 538,481</u>
<u>Year Ended June 30, 2018</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Total Contract</u>	<u>Recognized Revenue</u>
State of Louisiana				
Department of Health and Hospitals				
Office of Mental Health - BRIDGES	110446	7/1/15 – 6/30/18	\$ 270,000	\$ 90,000
Capital Area Human Services District-				
Drop-In Center	274885	7/1/17 – 6/30/18	144,660	144,660
Louisiana Rehabilitation Services		7/1/17 – 6/30/18		176,365
Total contractual governmental revenue				<u>\$ 411,025</u>

Note 6-Contractual Reimbursements Receivable

Contractual reimbursements receivable as of June 30, 2019 and 2018 consisted of balances due from the following entities:

	<u>2019</u>	<u>2018</u>
State of Louisiana		
Department of Health and Hospitals - Office of Mental Health	\$ 22,935	\$ 15,000
Capital Area Human Services District	12,055	12,055
Louisiana Rehabilitation Services	<u>23,184</u>	<u>28,520</u>
Total contractual reimbursements receivable	<u>\$ 58,174</u>	<u>\$ 55,575</u>

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2019

Note 7-Property and Equipment

A summary of property and equipment at June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 24,000	\$ 24,000
Office Building	120,329	120,329
Office Equipment and Furnishings	67,435	117,486
Bielkiewicz House and Drop-In Center Equipment	37,625	169,219
Leasehold Improvements	51,866	51,866
Residential Center	313,071	311,572
Vehicles	67,957	69,574
Software	<u>3,600</u>	<u>5,095</u>
	685,883	869,141
Less: accumulated depreciation	<u>561,851</u>	<u>763,919</u>
Total property and equipment, net	<u>\$ 124,032</u>	<u>\$ 105,222</u>

Note 8-Line of Credit

The Association has a \$50,000 line of credit, of which \$2,916 and \$9,984 was drawn as of June 30, 2019 and 2018, respectively. The interest rate was 3.75% and 3.65% as of June 30, 2019 and 2018, respectively. The line of credit is secured by a certificate of deposit as referenced in Note 4, and matures on September 8, 2020.

Note 9-Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose restricted:		
Development Director and Assistant positions	\$ -	\$ 23,013
Residential Center female case worker	-	15,089
Opioid Addiction Education	-	6,750
Bus passes for Residential Center clients	1,989	2,141
Interior and exterior painting	<u>15,000</u>	<u>-</u>
	<u>\$ 16,989</u>	<u>\$ 46,993</u>

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2019

Note 10-Bielkiewicz House Residential Center

The Mental Health Association for Greater Baton Rouge, Inc., and the Division of Vocational Rehabilitation, Office of Rehabilitation Services, Department of Health and Human Resources, entered into an agreement in 1978 to provide Half Way Houses for men and women in the Baton Rouge area. The provisions of the agreement required the Association, with the assistance from the Division of Vocational Rehabilitation, to construct a building on land owned by the City of Baton Rouge. The Association obtained rights to use the site by means of a thirty-year lease, effective January 1978, from the City of Baton Rouge, Parish of East Baton Rouge for the consideration of operating the Half Way Houses. The land lease was extended in 1999 for a period of twenty years with an option to renew for an additional ten years.

The in-kind contribution and expense are related to the Bielkiewicz House Residential Center buildings. The income is a component of public support revenue and the corresponding expense is included in rent and utilities expense for the Residential Center program. The total amount of the in-kind contributions for each of the years ended June 30, 2019 and 2018 was \$26,400.

Note 11-Operating Lease

The Association has an operating lease for the Drop-In Center with monthly payments of \$4,000, which expires on December 31, 2019. Rent expense totaled \$48,000 for each of the years ended June 30, 2019 and 2018. Future payments for the fiscal year ending June 30, 2020 under the operating lease will be \$24,000.

Note 12-Retirement Plan

The Association has a defined contribution retirement plan covering employees who meet eligibility requirements. The Association contributes 5% of each covered employee's compensation. The pension plan is funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974. Contributions to the plan for the years ended June 30, 2019 and 2018 were \$23,159 and \$11,554, respectively.

Note 13-Economic Dependency

The Association receives the majority of its revenue from funds provided through programs contracted with and administered by the State of Louisiana and the Capital Area United Way. The program amounts are appropriated each year by the Federal and State governments and the United Way Agency. If significant budget cuts are enacted at the Federal and/or State level, the amount of the funds the Association receives could be reduced significantly and have an adverse impact on its operations.

Note 14-Subsequent Events

Management of the Association evaluated all subsequent events through November 13, 2019, the date the financial statements were available to be issued. As a result, management noted no subsequent events which required adjustment to, or disclosure in, these financial statements.

Supplementary Information

Mental Health Association for Greater Baton Rouge, Inc.
Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2019

Agency Head Name: Melissa Silva, Executive Director

Purpose	Amount
Salary	\$83,467
Benefits - retirement	4,509
Benefits - life insurance	96
Benefits - cell phone	1,885
Car allowance	0
Vehicle provided by agency	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA
Blaine M. Crochet, CPA

**Independent Auditor's 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
Mental Health Association for Greater Baton Rouge, 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 Mental Health Association for Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mental Health Association for Greater Baton Rouge, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mental Health Association for Greater Baton Rouge, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mental Health Association for Greater Baton Rouge, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mental Health Association for Greater Baton Rouge, Inc.'s financial statements are free from 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*.

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawthorn, Waymouth & Carroll, LLP.

November 13, 2019

Mental Health Association for Greater Baton Rouge, Inc.
Schedule of Current Year Audit Findings
Year Ended June 30, 2019

Part I. Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Mental Health Association for Greater Baton Rouge, Inc. as of and for the year ended June 30, 2019, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

No findings were noted.

Mental Health Association for Greater Baton Rouge, Inc.
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2019

Part I. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

Part II. Management Letter

Not Applicable