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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, 2007 AND 2006

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 4/30/08

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Board of Directors

Baton Rouge Area Alcohol and Drug Center, Inc.

(A Not for Profit Organization)

Baton Rouge, Louisiana

I have audited the accompanying statements of financial position of Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated October 22, 2007 on my consideration of Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My 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 my 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

October 22, 2007

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

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2007 and 2006

| <u>ASSETS</u>   | <u>2007</u>           | <u>2006</u>           |
|---|-----------------------|-----------------------|
| <u>CURRENT ASSETS</u>                                 |                       |                       |
| Cash in bank  | \$ 39,476             | \$ 76,289             |
| Accounts receivable ( Note 3)                         | 51,899                | 29,976                |
| Prepaid Expenses                                      | <u>10,296</u>         | <u>11,729</u>         |
| Total Current Assets                                  | <u>101,671</u>        | <u>117,994</u>        |
| <br><u>FURNITURE, EQUIPMENT AND VEHICLES— at cost</u> |                       |                       |
| Furniture and equipment                               | 56,972                | 60,587                |
| Vehicles  | 21,053                | 21,053                |
| Leasehold improvements                                | 25,463                | 25,463                |
| New building (design stage) (Note 6)                  | 38,375                | -                     |
| Accumulated depreciation (deduction)                  | <u>( 90,838)</u>      | <u>( 90,955)</u>      |
|   | <u>51,025</u>         | <u>16,148</u>         |
| <br><u>TOTAL ASSETS</u>                               | <br><u>\$152,696</u>  | <br><u>\$ 134,142</u> |
| <br><u>LIABILITIES AND NET ASSETS</u>                 |                       |                       |
| <u>CURRENT LIABILITIES</u>                            |                       |                       |
| Accounts payable                                      | \$ 15,181             | \$ 13,406             |
| Accrued vacation payable (Note 4)                     | 11,684                | 11,273                |
| Payroll taxes payable (overpaid)                      | <u>( 25)</u>          | <u>2,026</u>          |
| Total Current Liabilities                             | 26,840                | 26,705                |
| <br><u>NET ASSETS</u>                                 |                       |                       |
| Unrestricted  | <u>125,856</u>        | <u>107,437</u>        |
| <br><u>TOTAL LIABILITIES AND NET ASSETS</u>           | <br><u>\$ 152,696</u> | <br><u>\$ 134,142</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

STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2007 AND 2006

|  | <u>2007</u>           | <u>2006</u>           |
|--|-----------------------|-----------------------|
| <u>REVENUES (Note 3)</u>                           |                       |                       |
| Capital Area Human Services District               | \$ 306,166            | \$ 288,990            |
| City of Baton Rouge and Parish of East Baton Rouge | 210,244               | 215,626               |
| United Way allocation                              | 35,899                | 81,830                |
| Client fund revenues                               | 3,078                 | 4,162                 |
| Other revenues / donations / fund raising          | <u>62,956</u>         | <u>22,322</u>         |
| Total Revenues                                     | <u>618,343</u>        | <u>612,930</u>        |
| <br><u>EXPENSES</u>                                |                       |                       |
| Advertising, dues, subscriptions                   | 1,511                 | 541                   |
| Auditing fee                                       | 2,725                 | 2,475                 |
| Auto maintenance and supplies                      | 1,658                 | 1,632                 |
| Building maintenance (Note 3)                      | 810                   | 611                   |
| Client fund expense                                | 3,558                 | 2,911                 |
| Communications                                     | 3,120                 | 3,650                 |
| Depreciation expense                               | 3,498                 | 4,329                 |
| Food Services                                      | 87,108                | 85,104                |
| Insurance: General                                 | 15,108                | 14,867                |
| Accident and health                                | 23,142                | 19,014                |
| Workers' compensation                              | 5,329                 | 5,462                 |
| Laundry  | 10,826                | 12,614                |
| License Fees                                       | 625                   | 625                   |
| Maintenance and repairs                            | 7,006                 | 5,648                 |
| Miscellaneous expenses                             | 208                   | 138                   |
| Payroll taxes/unemployment                         | 23,466                | 26,334                |
| Printing and office expense                        | 5,965                 | 2,359                 |
| Professional services                              | 26,949                | 11,442                |
| Rent and occupancy expense (Note 3)                | 47,679                | 53,305                |
| Salaries   | 311,028               | 285,283               |
| Supplies: Building/general/fund raising            | 11,138                | 11,978                |
| Food/medical                                       | 7,427                 | 6,425                 |
| Travel/conference                                  | <u>40</u>             | <u>125</u>            |
| Total expenses                                     | <u>599,924</u>        | <u>556,872</u>        |
| <br><u>CHANGE IN UNRESTRICTED NET ASSETS</u>       | <br>18,419            | <br>56,058            |
| <br><u>NET ASSETS, BEGINNING OF YEAR</u>           | <br><u>107,437</u>    | <br><u>51,379</u>     |
| <br><u>NET ASSETS, END OF YEAR</u>                 | <br><u>\$ 125,856</u> | <br><u>\$ 107,437</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

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2007 AND 2006

|  | <u>2007</u>      | <u>2006</u>        |
|--|------------------|--------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>    |                  |                    |
| Cash received - CAHSD                          | \$285,874        | \$ 306,508         |
| - City of Baton Rouge                          | 161,755          | 161,710            |
| - United Way                                   | 35,899           | 81,830             |
| Client fund collections                        | 2,748            | 4,162              |
| Other cash receipts                            | 61,655           | 22,322             |
| Cash paid to suppliers of goods and services   | (210,235)        | ( 184,712)         |
| Salaries paid                                  | (310,617)        | ( 286,406)         |
| Payroll taxes / unemployment paid              | <u>( 25,517)</u> | <u>( 23,508)</u>   |
| Net cash provided by operating activities      | 1,562            | 81,906             |
| <u>CASH FLOWS USED IN INVESTING ACTIVITIES</u> |                  |                    |
| Capital expenditures – new building            | <u>( 38,375)</u> | <u>          -</u> |
| <u>NET INCREASE (DECREASE) IN CASH</u>         | <u>( 36,813)</u> | <u>81,906</u>      |
| Cash at beginning of period                    | <u>76,289</u>    | <u>( 5,617)</u>    |
| Cash at end of period                          | <u>\$ 39,476</u> | <u>\$ 76,289</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, 2007 AND 2006

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 15 years. The new building will not be depreciated until it is placed in service.

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, 2007 AND 2006

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 years ended June 30, 2007 and 2006 is as follows:

|   | <u>2007</u>     | <u>2006</u>      |
|---|-----------------|------------------|
| Net income  | \$ 18,419       | \$ 56,058        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                 |                  |
| Depreciation  | 3,498           | 4,329            |
| Net decrease (increase) in accounts receivable                                    | ( 21,923)       | 16,384           |
| Net decrease in prepaid expense   | 1,433           | 320              |
| Net increase in accounts payable  | 1,775           | 5,937            |
| Net (decrease) increase in accrued vacation                                       | 411             | ( 861)           |
| Net (decrease) increase in payroll taxes payable                                  | ( 2,051)        | ( 262)           |
| Net cash provided by (used in) operating activities                               | <u>\$ 1,562</u> | <u>\$ 81,906</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/quarterly 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) 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, 2007 and 2006 the Center had receivables from the CAHSD of \$49,134 and \$28,842, respectively.

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 expensed by the City. A summary of the City's total support (both cash and donated materials/services) for the years ended June 30, 2007 and 2006 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, 2007 AND 2006

3. Revenues, Donated Materials and Services (continued)

|                            | <u>2007</u>      | <u>2006</u>      |
|----------------------------|------------------|------------------|
| Rent and occupancy expense | \$ 47,679        | \$ 53,305        |
| Building maintenance       | <u>810</u>       | <u>611</u>       |
| Non-cash support           | 48,489           | 53,916           |
| Cash support               | <u>161,755</u>   | <u>161,710</u>   |
| Total City Support         | <u>\$210,244</u> | <u>\$215,626</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, 2007 and 2006 represents accumulated leave at the employee's current rate of pay.

5. Compensation of Board of Directors

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

6. New Building (Design Stage)

The Center's Board of Directors has authorized the acquisition of land for the construction of a new 50+ bed facility. A Limited Liability Company owned by 2 members of the board purchased the land with the understanding they would sell the property to the Center once final approval is received from the board. The approximate purchase price will be \$275,000.

The Center expended funds for a conceptual design, survey and site assessment. Preliminary cost estimate is almost \$3.9 million. The Center is awaiting the award of a \$400,000 block grant from the Community Development Fund.

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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

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

I have audited the financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. as of and for the year ended June 30, 2007 and have issued my report thereon dated October 22, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baton Rouge Area Alcohol and Drug Center, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the board of directors and management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Randall A. Plaisance, APAC*

Baton Rouge, Louisiana  
October 22, 2007

**Randall A. Plaisance, CPA**

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON 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**

I have audited the compliance of Baton Rouge Area Alcohol and Drug Center, Inc. with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2007. 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. My responsibility is to express an opinion on Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance based on my audit.

I conducted my 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 I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with those requirements.

In my 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, 2007.

## 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 the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing my audit, I considered the Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine my auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors and management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Randall A. Plaisance, APAC*

Baton Rouge, Louisiana  
October 22, 2007

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, 2007

| <u>Federal Grantor/<br/>Pass-through Grantor/<br/>Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|--|---------------------------------|
| State of Louisiana<br>Department of<br>Health and Hospitals         | 93.959                             | CFMS 637910<br>CAHSD#SA6001S                 | \$277,400.00                    |
| State of Louisiana<br>Department of<br>Health and Hospitals         | 93.959                             | CFMS 641441<br>CAHSD#SA1003S                 | \$ 28,766.00                    |

Pass through Grantor:

Office for Addictive Disorders

Capital Area Human Services District

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