

**Mental Health Association
for Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
June 30, 2018**

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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, 2018 and 2017, 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, 2018 and 2017, 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 September 13, 2018, 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, Weymouth & Carroll, L.L.P.

September 13, 2018

Mental Health Association for Greater Baton Rouge, Inc.
Statements of Financial Position
June 30, 2018 and 2017

	Assets	
	2018	2017
	<hr/>	<hr/>
Current Assets		
Cash and cash equivalents	\$ 185,459	\$ 87,293
Cash held for others	9,614	10,017
	<hr/>	<hr/>
Total cash and cash equivalents	195,073	97,310
Certificates of deposit	86,117	84,666
Contractual reimbursements receivable	55,575	40,075
Contributions receivable	77	8,000
Prepaid insurance	12,078	11,337
	<hr/>	<hr/>
Total current assets	348,920	241,388
Property and Equipment, Net	105,222	126,665
	<hr/>	<hr/>
Total assets	<u>\$ 454,142</u>	<u>\$ 368,053</u>
	<hr/>	<hr/>
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 9,984	\$ 13,569
Accounts payable	16,507	23,432
Payroll liabilities	5,501	2,801
Client funds held	9,614	10,017
Accrued expenses	21,510	30,212
Deferred revenue	5,000	-
	<hr/>	<hr/>
Total current liabilities	68,116	80,031
	<hr/>	<hr/>
Net Assets		
Unrestricted	339,033	247,775
Temporarily restricted	46,993	40,247
	<hr/>	<hr/>
Total net assets	386,026	288,022
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 454,142</u>	<u>\$ 368,053</u>
	<hr/>	<hr/>

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		
	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Public Support			
Allocated by the Capital Area United Way	\$ 141,172	\$ -	\$ 141,172
In-kind contributions	26,400	-	26,400
Grant income	138,581	95,544	234,125
Fundraising	65,969	-	65,969
Contributions and other	14,787	-	14,787
Net assets released from donor restrictions	88,798	(88,798)	-
	475,707	6,746	482,453
Revenue			
Contractual governmental revenue	411,025	-	411,025
Total public support and revenue	886,732	6,746	893,478
Expenses			
Program services	693,448	-	693,448
Management and general	60,422	-	60,422
Fundraising	47,375	-	47,375
Total expenses	801,245	-	801,245
Other Income			
Interest and dividend income	5,771	-	5,771
Change in Net Assets	91,258	6,746	98,004
Net Assets, beginning of year	247,775	40,247	288,022
Net Assets, end of year	\$ 339,033	\$ 46,993	\$ 386,026

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, 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue			
Public Support			
Allocated by the Capital Area United Way	\$ 140,626	\$ -	\$ 140,626
In-kind contributions	26,400	-	26,400
Grant income	11,650	57,500	69,150
Fundraising	66,634	-	66,634
Contributions and other	11,240	-	11,240
Net assets released from donor restrictions	17,253	(17,253)	-
	273,803	40,247	314,050
Revenue			
Contractual governmental revenue	510,890	-	510,890
Total public support and revenue	784,693	40,247	824,940
Expenses			
Program services	772,973	-	772,973
Management and general	63,638	-	63,638
Fundraising	56,287	-	56,287
Total expenses	892,898	-	892,898
Other Income			
Interest and dividend income	5,565	-	5,565
Change in Net Assets	(102,640)	40,247	(62,393)
Net Assets, beginning of year	350,415	-	350,415
Net Assets, end of year	\$ 247,775	\$ 40,247	\$ 288,022

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			Total Expenses
	Residential Center	Drop-In Center	BRIDGES	Education and Referral	Total Program Services	Management and General	Fund-raising	
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 program 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.
Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services				Total Program Services	Supporting Services		Total Expenses
	Residential Center	Drop-In Center	BRIDGES	Education and Referral		Manage- ment and General	Fund- raising	
Salaries and Related Benefits								
Salaries	\$ 233,438	\$ 96,761	\$ 46,705	\$ 6,129	\$ 383,033	\$ 18,386	\$ 12,257	\$ 413,676
Employee health and retirement benefits	15,441	15,780	2,638	659	34,518	1,978	1,319	37,815
Payroll taxes and other	17,808	6,620	3,166	442	28,036	1,326	884	30,246
Total salaries and related benefits	<u>266,687</u>	<u>119,161</u>	<u>52,509</u>	<u>7,230</u>	<u>445,587</u>	<u>21,690</u>	<u>14,460</u>	<u>481,737</u>
Other Expenses								
Supplies	18,788	14,011	8,341	513	41,653	1,539	1,026	44,218
Maintenance and repairs	17,540	5,934	3,401	850	27,725	5,206	1,701	34,632
Travel and meetings	491	421	10,264	3	11,179	8	5	11,192
Rent and utilities	49,234	58,728	1,276	319	109,557	957	638	111,152
Postage	483	1,104	403	97	2,087	290	193	2,570
Telephone	8,883	7,284	1,551	388	18,106	1,163	776	20,045
Insurance	15,788	15,788	2,656	664	34,896	1,992	1,328	38,216
Professional fees and contract services	9,037	12,023	5,434	1,359	27,853	27,279	2,717	57,849
Interest expense	135	135	108	27	405	81	54	540
Training	1,825	1,816	364	91	4,096	273	182	4,551
Fundraising	-	-	-	-	-	-	31,100	31,100
Other program expenses	1,666	4,644	14,084	204	20,598	611	408	21,617
Total other expenses	<u>123,870</u>	<u>121,888</u>	<u>47,882</u>	<u>4,515</u>	<u>298,155</u>	<u>39,399</u>	<u>40,128</u>	<u>377,682</u>
Total Expenses before Depreciation	<u>390,557</u>	<u>241,049</u>	<u>100,391</u>	<u>11,745</u>	<u>743,742</u>	<u>61,089</u>	<u>54,588</u>	<u>859,419</u>
Depreciation	<u>20,030</u>	<u>4,953</u>	<u>3,398</u>	<u>850</u>	<u>29,231</u>	<u>2,549</u>	<u>1,699</u>	<u>33,479</u>
Total Expenses	<u><u>\$ 410,587</u></u>	<u><u>\$ 246,002</u></u>	<u><u>\$ 103,789</u></u>	<u><u>\$ 12,595</u></u>	<u><u>\$ 772,973</u></u>	<u><u>\$ 63,638</u></u>	<u><u>\$ 56,287</u></u>	<u><u>\$ 892,898</u></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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 98,004	\$ (62,393)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	27,462	33,479
(Increase) decrease in assets:		
Contractual reimbursements receivable	(15,500)	(3,497)
Contributions receivable	7,923	160
Other receivables	-	882
Prepaid insurance	(741)	(2,287)
Increase (decrease) in liabilities:		
Accounts payable	(6,925)	9,952
Payroll liabilities	2,700	245
Client funds held	(403)	(7,312)
Accrued expenses	(8,702)	5,681
Deferred revenue	5,000	-
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	108,818	(25,090)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Purchase of property and equipment	(6,019)	(4,026)
Certificate of deposits, matured	-	83,770
Certificate of deposits, reinvested	(1,451)	(84,446)
	<hr/>	<hr/>
Net cash used in investing activities	(7,470)	(4,702)
	<hr/>	<hr/>
Cash Flows from Financing Activities		
Increase (decrease) in line of credit	(3,585)	6,147
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	(3,585)	6,147
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	97,763	(23,645)
Cash and Cash Equivalents, beginning of year	97,310	120,955
	<hr/>	<hr/>
Cash and Cash Equivalents, end of year	\$ 195,073	\$ 97,310
	<hr/> <hr/>	<hr/> <hr/>
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	\$ 696	\$ 540
	<hr/> <hr/>	<hr/> <hr/>

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, 2018

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.

BRIDGES Program. The BRIDGES Peer Education and Support Program is a two-part mental health consumer-run program that offers educational classes and support groups to mental health consumers. The consumer educators are trained and provided with the educational materials and support they need to teach the 10-week classes. The BRIDGES program is funded by the Louisiana Office of Mental Health.

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.

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.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2018

Note 2-Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting and Presentation (Continued)

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets 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. Temporarily restricted net assets are those net assets whose use by the Association has been limited by donors (a) to later periods of time or other specific dates, or (b) for specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Association's use of the assets. At June 30, 2018 and 2017, the Association had temporarily restricted net assets of \$46,993 and \$40,247, respectively, and no permanently restricted net assets. 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, 2018 and 2017 to be fully collectible and, therefore, did not provide an allowance for doubtful accounts.

F. Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Donor-restricted contributions 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 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.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2018

Note 2-Summary of Significant Accounting Policies (Continued)

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 costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Costs that can be specifically identified with a particular program or service are charged directly to that program. Joint costs totaling \$255,438 and \$253,551 for the years ended June 30, 2018 and 2017, respectively, have been allocated to the Association's programs and supporting services according to the following percentages based on estimates made by management:

<u>Joint Cost Allocation</u>	<u>Percentage</u>	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>
Residential Center	25%	\$ 63,859	\$ 63,388
Drop-In Center	25%	63,859	63,388
BRIDGES	20%	51,088	50,710
Education and referral	<u>5%</u>	<u>12,772</u>	<u>12,678</u>
Total program services	75%	191,578	190,164
Management and general	15%	38,316	38,032
Fundraising	<u>10%</u>	<u>25,544</u>	<u>25,355</u>
Total joint costs	<u>100%</u>	<u>\$255,438</u>	<u>\$253,551</u>

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, 2018

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, 2018 and 2017 were comprised of the following:

	<u>2018</u>	<u>2017</u>
Certificate of deposit with a local bank, maturing on November 12, 2018, bearing interest of 1.24% at June 30, 2018 and 2017, respectively.	\$ 33,002	\$ 32,598
Certificate of deposit with a local bank, maturing on September 8, 2018, bearing interest of 1.14% at June 30, 2018 and 2017, respectively. This certificate of deposit serves as collateral on the Association's line of credit as described in Note 8.	<u>53,115</u>	<u>52,068</u>
	<u>\$ 86,117</u>	<u>\$ 84,446</u>

Note 5-Contractual Governmental Revenue

<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
Office of Rehabilitation Services - LRS		7/1/17 – 6/30/18		<u>176,365</u>
Total contractual governmental revenue				<u>\$ 411,025</u>
<u>Year Ended June 30, 2017</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	197400	7/1/16 – 6/30/17	144,660	144,660
Office of Rehabilitation Services - LRS		7/1/16 – 6/30/17		<u>276,230</u>
Total contractual governmental revenue				<u>\$ 510,890</u>

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2018

Note 6-Contractual Reimbursements Receivable

Contractual reimbursements receivable as of June 30, 2018 and 2017 consisted of balances due from the following entities:

	<u>2018</u>	<u>2017</u>
State of Louisiana		
Department of Health and Hospitals - Office of Mental Health	\$ 15,000	\$ 22,500
Capital Area Human Services District	12,055	12,055
Office of Rehabilitation Services - LRS	<u>28,520</u>	<u>5,520</u>
Total contractual reimbursements receivable	<u>\$ 55,575</u>	<u>\$ 40,075</u>

Note 7-Property and Equipment

A summary of property and equipment at June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 24,000	\$ 24,000
Office Building	120,329	120,329
Office Equipment	117,486	142,293
Bielkiewicz House and Drop-In Center Equipment	169,219	208,648
Leasehold Improvements	51,866	51,866
Residential Center	311,572	311,572
Vehicles	69,574	69,574
Software	<u>5,095</u>	<u>5,095</u>
	869,141	933,377
Less: accumulated depreciation	<u>763,919</u>	<u>806,712</u>
Total property and equipment	<u>\$ 105,222</u>	<u>\$ 126,665</u>

Note 8-Line of Credit

The Association has a \$50,000 line of credit, of which \$9,984 and \$13,569 was drawn as of June 30, 2018 and 2017, respectively. Interest is fixed at 3.65%. The line of credit is secured by a certificate of deposit as referenced in Note 4, and matures on September 8, 2018.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2018

Note 9-Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Purpose restricted:		
Development Director and Assistant positions	\$ 23,013	\$ 17,500
Residential Center female case worker	15,089	15,556
Opioid Addiction Education	6,750	-
Bus passes for Residential Center clients	2,141	-
Interior and exterior painting	<u>-</u>	<u>7,191</u>
	<u>\$ 46,993</u>	<u>\$ 40,247</u>

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, 2018 and 2017 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, 2018 and 2017. Future payments for fiscal years ending June 30 under the operating lease are as follows:

2019	\$ 48,000
2020	<u>24,000</u>
	<u>\$ 72,000</u>

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, 2018 and 2017 were \$11,554 and \$19,764, respectively.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2018

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 September 13, 2018, 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, 2018**

Agency Head Name: Melissa Silva, Executive Director

Purpose	Amount
Salary	\$75,386
Benefits - retirement	3,481
Benefits - life insurance	96
Benefits - cell phone	1,740
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
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Neal D. King, CPA
Brittany B. Thames, 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, 2018 and 2017, 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 September 13, 2018.

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

September 13, 2018

Mental Health Association for Greater Baton Rouge, Inc.
Schedule of Current Year Audit Findings
Year Ended June 30, 2018

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, 2018, 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, 2018

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