

INDEPENDENT AUDITOR'S REPORT

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

FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

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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.

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

We have audited the accompanying statements of financial position of Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2004 and 2003, 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2004 and 2003, 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, we have also issued our report dated October 22, 2004 on our consideration of Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana
October 22, 2004

Randall A. Plaisance, APAC

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

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2004 and 2003

| | <u>ASSETS</u> | <u>2004</u> | <u>2003</u> |
|--------------------------------------------------------|---------------|----------------------|----------------------|
| <u>CURRENT ASSETS</u> | | | |
| Cash in bank | | \$ 15,614 | \$ 9,612 |
| Accounts receivable (Note 3) | | 16,986 | 18,965 |
| Prepaid Expenses | | <u>12,746</u> | <u>12,913</u> |
| Total Current Assets | | <u>45,346</u> | <u>41,490</u> |
| <u>FURNITURE, EQUIPMENT AND VEHICLES-- at cost</u> | | | |
| Furniture and equipment (Note 3) | | 73,931 | 91,107 |
| Vehicles | | 21,053 | 21,053 |
| Leasehold improvements (Note 3) | | 22,306 | 22,306 |
| Accumulated depreciation (deduction) | | <u>(95,184)</u> | <u>(103,954)</u> |
| | | <u>22,106</u> | <u>30,512</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 67,452</u> | <u>\$ 72,002</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Accounts payable | | \$ 5,171 | \$ 11,067 |
| Accrued vacation payable (Note 4) | | 10,972 | 11,954 |
| Payroll taxes payable | | <u>2,458</u> | <u>-</u> |
| Total Current Liabilities | | 18,601 | 23,021 |
| <u>NET ASSETS</u> | | | |
| Unrestricted | | <u>48,851</u> | <u>48,981</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | | <u>\$ 67,452</u> | <u>\$ 72,002</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, 2004 AND 2003

| | <u>2004</u> | <u>2003</u> |
|----------------------------------------------------|----------------------|----------------------|
| <u>REVENUES</u> (Note 3) | | |
| Capital Area Human Services District | \$ 277,400 | \$ 277,400 |
| City of Baton Rouge and Parish of East Baton Rouge | 215,400 | 230,407 |
| United Way allocation | 53,490 | 39,287 |
| Client fund revenues | 1,935 | 2,746 |
| Other revenues / donations | <u>7,888</u> | <u>8,232</u> |
| Total Revenues | <u>556,113</u> | <u>558,072</u> |
| <u>EXPENSES</u> | | |
| Advertising, dues, subscriptions | 762 | 533 |
| Auditing fee | 2,075 | 2,075 |
| Auto maintenance and supplies | 771 | 3,097 |
| Building maintenance (Note 3) | 1,408 | 9,677 |
| Client fund expense | 1,843 | 2,050 |
| Communications | 3,366 | 3,109 |
| Depreciation expense | 8,406 | 7,811 |
| Food Services | 83,241 | 83,102 |
| Insurance: General | 17,011 | 12,149 |
| Accident and health | 18,420 | 22,375 |
| Workers' compensation | 5,818 | 5,361 |
| Laundry | 13,618 | 13,132 |
| License Fees | 625 | 625 |
| Maintenance and repairs | 10,834 | 8,756 |
| Miscellaneous expenses | 941 | 873 |
| Payroll taxes | 21,944 | 22,209 |
| Printing and office expense | 4,255 | 4,546 |
| Professional services | 12,000 | 11,248 |
| Rent and occupancy expense (Note 3) | 52,282 | 59,020 |
| Salaries | 278,193 | 291,555 |
| Supplies: Building and general | 10,582 | 10,547 |
| Food and medical | 7,608 | 5,501 |
| Travel/conference | <u>240</u> | <u>109</u> |
| Total expenses | <u>556,243</u> | <u>579,460</u> |
| <u>CHANGE IN UNRESTRICTED NET ASSETS</u> | (130) | (21,388) |
| <u>NET ASSETS, BEGINNING OF YEAR</u> | <u>48,981</u> | <u>70,369</u> |
| <u>NET ASSETS, END OF YEAR</u> | <u>\$ 48,851</u> | <u>\$ 48,981</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, 2004 AND 2003

| | <u>2004</u> | <u>2003</u> |
|---------------------------------------------------------|----------------------|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Cash received - CAHSD | \$279,148 | \$ 286,216 |
| - City of Baton Rouge | 161,710 | 161,710 |
| - United Way | 53,490 | 39,287 |
| Client fund collections | 2,166 | 4,029 |
| Other cash receipts | 7,888 | 8,232 |
| Cash paid to suppliers of goods and services | (199,739) | (190,991) |
| Salaries paid | (276,717) | (290,041) |
| Payroll taxes paid | (21,944) | (22,209) |
| Net cash provided by (used in) operating activities | 6,002 | (3,767) |
| <u>CASH FLOWS USED IN INVESTING ACTIVITIES</u> | | |
| Capital expenditures – vehicle and equipment | _____ - | (15,036) |
| <u>NET INCREASE (DECREASE) IN CASH</u> | 6,002 | (18,803) |
| Cash at beginning of period | _____ 9,612 | _____ 28,415 |
| Cash at end of period | <u>\$ 15,614</u> | <u>\$ 9,612</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, 2004 AND 2003

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.

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, 2004 AND 2003

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, 2004 and 2003 is as follows:

| | <u>2004</u> | <u>2003</u> |
|-----------------------------------------------------------------------------------|-----------------|-------------------|
| Net (loss) | (\$ 130) | (\$ 21,388) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 8,406 | 7,811 |
| Donation | - | 478 |
| Net decrease in accounts receivable | 1,979 | 10,099 |
| Net decrease (increase) in prepaid expense | 167 | (5,337) |
| Net increase (decrease) in accounts payable | (5,896) | 3,056 |
| Net (decrease) increase in accrued vacation | (982) | 2,031 |
| Net (decrease) increase in payroll taxes payable | <u>2,458</u> | <u>(517)</u> |
| Net cash provided by (used in) operating activities | <u>\$ 6,002</u> | <u>(\$ 3,767)</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, 2004 and 2003 the Center had receivables from the CAHSD of \$16,986 and \$18,734, 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, 2004 and 2003 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, 2004 AND 2003

3. Revenues, Donated Materials and Services (continued)

| | <u>2004</u> | <u>2003</u> |
|----------------------------|------------------|------------------|
| Rent and occupancy expense | \$ 52,282 | \$ 59,020 |
| Building maintenance | <u>1,408</u> | <u>9,677</u> |
| Non-cash support | 53,690 | 68,697 |
| Cash support | <u>161,710</u> | <u>161,710</u> |
| Total City Support | <u>\$215,400</u> | <u>\$230,407</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, 2004 and 2003 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.

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

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

We have audited the financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. as of and for the year ended June 30, 2004 and have issued our report thereon dated October 22, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Baton Rouge Area Alcohol and Drug Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control structure over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information 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, 2004

Randall A. Plaisance, CPA

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH

MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Baton Rouge Area Alcohol and Drug Center, Inc. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2004. Baton Rouge Area Alcohol and Drug Center, Inc.'s major Federal programs are identified on page 11, Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Baton Rouge Area Alcohol and Drug Center, Inc.'s management. Our responsibility is to express an opinion on Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with those requirements.

In our opinion, Baton Rouge Area Alcohol and Drug Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Baton Rouge Area Alcohol and Drug Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information 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, 2004

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, 2004

| <u>Federal Grantor/ Pass-through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Agency or Pass-Through Number</u> | <u>Federal Expenditures</u> |
|---------------------------------------------------------------------|------------------------------------|----------------------------------------------|---------------------------------|
| State of Louisiana Department of Health and Hospitals | 13.992 | CFMS 602900 CAHSD#SA60025 | \$277,400.00 |

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.