

**Louisiana Mental Health Association  
Baton Rouge, Louisiana  
June 30, 2022**

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## **Independent Auditor's Report**

Board of Directors  
Louisiana Mental Health Association  
Baton Rouge, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Louisiana Mental Health Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Louisiana Mental Health Association as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Mental Health Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Mental Health Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Louisiana Mental Health Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Mental Health Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary 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.

### **Report on Summarized Comparative Information**

We have previously audited Louisiana Mental Health Association's (formerly Mental Health Association for Greater Baton Rouge, Inc.) 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of Louisiana Mental Health Association'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 Louisiana Mental Health Association'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 Louisiana Mental Health Association's internal control over financial reporting and compliance.

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

November 10, 2022

**Louisiana Mental Health Association**  
**Statement of Financial Position**  
**June 30, 2022**  
(with comparative totals as of June 30, 2021)

<b>Assets</b>	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 247,093	\$ 261,264
Certificates of deposit	90,362	89,946
Contributions receivable	-	7,449
Contractual reimbursements receivable	219,580	81,556
Prepaid insurance	7,658	8,541
Other receivables	153	153
Total current assets	564,846	448,909
<b>Property and Equipment, Net</b>	65,127	71,491
Total assets	\$ 629,973	\$ 520,400
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Line of credit	\$ -	\$ 7,311
Accounts payable	23,863	35,422
Payroll liabilities	5,015	5,034
Accrued expenses	44,012	23,576
Total current liabilities	72,890	71,343
<b>Net Assets</b>		
Without donor restrictions	497,083	449,057
With donor restrictions	60,000	-
Total net assets	557,083	449,057
Total liabilities and net assets	\$ 629,973	\$ 520,400

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

**Louisiana Mental Health Association**  
**Statement of Activities**  
**Year Ended June 30, 2022**  
(with comparative totals for the year ended June 30, 2021)

	<b>2022</b>			<b>Total 2021</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
<b>Public Support and Revenue</b>				
Public Support				
Allocated by the Capital Area United Way	\$ 60,000	\$ -	\$ 60,000	\$ 67,449
Conference revenue	41,656	-	41,656	44,813
Contributions of cash and other financial assets	173,063	60,000	233,063	254,741
In-kind contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,400</u>
	274,719	60,000	334,719	393,403
Revenue				
Contractual governmental revenue	<u>1,010,323</u>	<u>-</u>	<u>1,010,323</u>	<u>853,375</u>
Total public support and revenue	<u>1,285,042</u>	<u>60,000</u>	<u>1,345,042</u>	<u>1,246,778</u>
<b>Expenses</b>				
Program services	1,088,974	-	1,088,974	1,114,531
Management and general	123,897	-	123,897	113,457
Fundraising	<u>29,697</u>	<u>-</u>	<u>29,697</u>	<u>34,858</u>
Total expenses	<u>1,242,568</u>	<u>-</u>	<u>1,242,568</u>	<u>1,262,846</u>
<b>Other Income</b>				
Interest and dividend income	5,552	-	5,552	5,585
Gain on forgiveness of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,700</u>
Total other income	<u>5,552</u>	<u>-</u>	<u>5,552</u>	<u>59,285</u>
<b>Change in Net Assets</b>	48,026	60,000	108,026	43,217
<b>Net Assets, beginning of year</b>	<u>449,057</u>	<u>-</u>	<u>449,057</u>	<u>405,840</u>
<b>Net Assets, end of year</b>	<u>\$ 497,083</u>	<u>\$ 60,000</u>	<u>\$ 557,083</u>	<u>\$ 449,057</u>

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

**Louisiana Mental Health Association**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**  
(with comparative totals for the year ended June 30, 2021)

	2022					Total Program Services	Supporting Services		Total Expenses	2021 Total Expenses
	Program Services						Management and General	Fund- raising		
	Drop-In Center	Target Health	Advocacy/ Education and Referral	Emergency Response Suicide Program	Recovery Center					
<b>Salaries and Related Benefits</b>										
Salaries	\$ 62,400	\$ 61,712	\$ 94,922	\$ 149,085	\$ 53,715	\$ 421,834	\$ 36,929	\$ 15,827	\$ 474,590	\$ 502,644
Employee health and retirement benefits	4,408	4,360	6,706	10,532	3,795	29,801	2,609	1,118	33,528	29,876
Payroll taxes and other	4,722	4,671	7,184	11,282	4,065	31,924	2,795	1,197	35,916	38,202
Total salaries and related benefits	<u>71,530</u>	<u>70,743</u>	<u>108,812</u>	<u>170,899</u>	<u>61,575</u>	<u>483,559</u>	<u>42,333</u>	<u>18,142</u>	<u>544,034</u>	<u>570,722</u>
<b>Other Expenses</b>										
Supplies	9,826	3,091	8,881	4,271	111,879	137,948	9,314	-	147,262	44,286
Maintenance and repairs	7,995	1,256	375	1,612	1,507	12,745	13,434	-	26,179	35,337
Travel and meetings	2,784	-	4,976	-	438	8,198	832	-	9,030	7,195
Rent and utilities	59,705	648	971	1,295	971	63,590	971	648	65,209	108,335
Postage	-	652	38	908	-	1,598	1,192	-	2,790	2,920
Telephone and internet	4,792	1,377	1,724	2,354	1,042	11,289	1,042	695	13,026	14,717
Insurance	4,668	4,668	4,668	4,467	-	18,471	6,913	-	25,384	58,398
Professional fees and contract services	29,777	14,617	24,710	223,075	13,920	306,099	35,513	8,853	350,465	363,084
Interest expense	-	-	-	-	168	168	68	-	236	311
Training	-	-	27,375	374	-	27,749	-	-	27,749	3,528
Loss on disposal of property and equipment	-	-	-	-	-	-	1,030	-	1,030	14,480
Miscellaneous expenses	272	763	6,002	407	182	7,626	9,515	199	17,340	15,022
Total other expenses	<u>119,819</u>	<u>27,072</u>	<u>79,720</u>	<u>238,763</u>	<u>130,107</u>	<u>595,481</u>	<u>79,824</u>	<u>10,395</u>	<u>685,700</u>	<u>667,613</u>
<b>Total Expenses before Depreciation</b>	191,349	97,815	188,532	409,662	191,682	1,079,040	122,157	28,537	1,229,734	1,238,335
Depreciation	2,977	1,160	1,739	2,319	1,739	9,934	1,740	1,160	12,834	24,511
<b>Total Expenses</b>	<u>\$ 194,326</u>	<u>\$ 98,975</u>	<u>\$ 190,271</u>	<u>\$ 411,981</u>	<u>\$ 193,421</u>	<u>\$ 1,088,974</u>	<u>\$ 123,897</u>	<u>\$ 29,697</u>	<u>\$ 1,242,568</u>	<u>\$ 1,262,846</u>

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

**Louisiana Mental Health Association**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**  
(with comparative totals for the year ended June 30, 2021)

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 108,026	\$ 43,217
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loss on disposal of property and equipment	1,030	14,480
Gain on forgiveness of debt	-	(53,700)
Depreciation	12,834	24,511
(Increase) decrease in assets:		
Contributions receivable	7,449	(7,449)
Contractual reimbursements receivable	(138,024)	(30,829)
Prepaid insurance	883	2,740
Increase (decrease) in liabilities:		
Accounts payable	(11,559)	23,529
Payroll liabilities	(19)	666
Client funds held	-	(8,342)
Accrued expenses	20,436	1,032
Deferred revenue	-	(24,748)
	1,056	(14,893)
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(7,500)	(15,100)
Insurance proceeds from damage claim	-	6,095
Certificates of deposit, reinvested	(416)	(1,213)
	(7,916)	(10,218)
<b>Cash Flows from Financing Activities</b>		
Increase (decrease) in line of credit	(7,311)	7,311
	(7,311)	7,311
<b>Net Decrease in Cash and Cash Equivalents</b>	(14,171)	(17,800)
<b>Cash and Cash Equivalents, beginning of year</b>	261,264	279,064
<b>Cash and Cash Equivalents, end of year</b>	\$ 247,093	\$ 261,264
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash payments for:		
Interest	\$ 236	\$ 311

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

**Louisiana Mental Health Association**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 1-Nature of Organization**

Louisiana Mental Health Association (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. The Association was formerly named Mental Health Association for Greater Baton Rouge, Inc. The name change was effective November 18, 2021.

Louisiana Mental Health Association’s program services are funded by public support 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:

**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 increase resiliency, wellness, and self-management of health and behavioral health among people with serious 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.

**Advocacy and Behavioral Health 911/Education and Referral.** The Association educates local and statewide leaders through Mental Health Day and one-on-one meetings. The Association also hosts a series of statewide informational meetings, called Behavioral Health 911. These forums are intended to help individuals and families learn about the behavioral health system and the related resources in their communities. The advocacy and Behavioral Health program is funded by the Louisiana Office of Behavioral Health.

**Emergency Response Suicide Program (ERSP).** In October 2020, the Association began a regional suicide prevention program (“The Fisher Project”). The program includes case management for those who have attempted suicide or shown chronic suicide ideation. It also features statewide suicide prevention training for the general public and specialized training for first responders. The Fisher Project is funded by the Louisiana Office of Behavioral Health.

**Recovery Center.** In February 2022, the Association began the process of opening the Morgan City Recovery Center. The Recovery Center is set to be in full operation by the end of Summer 2022. The Recovery Center will provide a consumer-controlled self-help service, which supplements medical mental health services. The Recovery Center is a program funded in part by the South Central Louisiana Human Services Authority.

**Louisiana Mental Health Association**  
**Notes to Financial Statements**  
**June 30, 2022**

**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 financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

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, 2022, the Association had net assets with donor restrictions totaling \$60,000. At June 30, 2021, the Association had no net assets with donor restrictions.

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, 2022 and 2021 to be fully collectible and, therefore, did not provide an allowance for doubtful accounts.

**Louisiana Mental Health Association**  
**Notes to Financial Statements**  
**June 30, 2022**

**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. Revenue Recognition

Unconditional contributions are recognized when received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted contributions based on the nature of the restriction. Donor restricted contributions whose restrictions are met in the same year are shown as without donor restrictions.

The Association recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers, which are: (i) identify the contract with the customer, (ii) identify performance obligations in the contract, (iii) determine the transaction price, (iv) allocation the transaction price to performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied.

**Louisiana Mental Health Association**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 2-Summary of Significant Accounting Policies (Continued)**

H. Revenue Recognition (Continued)

The majority of the Association's revenue from contracts with customers is derived from cost-reimbursable state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when the Association has incurred expenditures in compliance with specific contract provisions. The Association, in conjunction with its cost-reimbursable state contracts, has recognized revenue of approximately \$220,000 and \$82,000 for costs incurred and for which funds have not been received at June 30, 2022 and 2021, respectively. These costs in excess of receipts are recorded as contractual reimbursements receivable on the statement of financial position.

Conference registrations are recognized when the conferences are held, which is when the performance obligations are satisfied.

I. 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.

J. 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.

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**Louisiana Mental Health Association**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 2-Summary of Significant Accounting Policies (Continued)**

**K. Liquidity Management**

As of June 30, 2022, 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	\$	247,093
Certificates of deposit		90,362
Receivables		<u>219,733</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>557,188</u>

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 7.

**L. Accounting Standards Pending Adoption**

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. The Association is currently assessing the impact of this pronouncement on its financial statements.

**M. Reclassifications**

Certain reclassifications have been made to the prior year's financial statements to conform with the current year's financial statement presentation. The reclassifications had no effect on net assets or the change in net assets of the prior year.

**Note 3-Certificates of Deposit**

Certificates of deposit as of June 30, 2022 and 2021 were comprised of the following:

	<u>2022</u>	<u>2021</u>
Certificate of deposit with a local bank, maturing on September 8, 2022, bearing interest of 0.50% at June 30, 2022 and 2021. This certificate of deposit serves as collateral on the Association's line of credit as described in Note 7.	\$ 55,361	\$ 55,085
Certificate of deposit with a local bank, maturing on December 23, 2022, bearing interest of 0.40% at June 30, 2022 and 2021.	<u>35,001</u>	<u>34,861</u>
	<u>\$ 90,362</u>	<u>\$ 89,946</u>

**Louisiana Mental Health Association**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 4-Contractual Governmental Revenue**

Contractual governmental revenue consisted of the following for the year ended June 30, 2022:

<u>Year Ended June 30, 2022</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Total Contract</u>	<u>Recognized Revenue</u>
<b>State of Louisiana</b>				
Department of Health and Hospitals Office of Mental Health - Target Health	593807	7/1/21 – 6/30/24	\$ 276,000	\$ 84,853
Department of Health and Hospitals Office of Mental Health - Advocacy	506587	7/1/20 – 6/30/23	596,949	220,243
Department of Health and Hospitals Office of Mental Health - ERSP	530771	7/1/20 – 6/30/22	697,047	376,359
Capital Area Human Services District - Drop-In Center	582773	7/1/21 – 6/30/22	144,660	144,660
South Central Louisiana Human Services Authority - Recovery Center	2000681287	3/15/22 – 6/30/22	233,816	<u>184,208</u>
Total contractual governmental revenue				<u>\$ 1,010,323</u>

Contractual governmental revenue consisted of the following for the year ended June 30, 2021:

<u>Year Ended June 30, 2021</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Total Contract</u>	<u>Recognized Revenue</u>
<b>State of Louisiana</b>				
Department of Health and Hospitals Office of Mental Health - Target Health	356811	7/1/18 – 6/30/21	\$ 329,500	\$ 90,000
Department of Health and Hospitals Office of Mental Health - Advocacy	506587	7/1/20 – 6/30/23	596,949	186,657
Department of Health and Hospitals Office of Mental Health - ERSP	530771	7/1/20 – 11/30/21	623,361	305,558
Capital Area Human Services District - Drop-In Center	506649	7/1/20 – 6/30/21	144,660	144,660
Office of Rehabilitation Services - LRS		7/1/20 – 6/30/21		<u>126,500</u>
Total contractual governmental revenue				<u>\$ 853,375</u>

**Louisiana Mental Health Association**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 5-Contractual Reimbursements Receivable**

Contractual reimbursements receivable as of June 30, 2022 and 2021 consisted of balances due from the following entities:

	<u>2022</u>	<u>2021</u>
<b>State of Louisiana</b>		
Department of Health and Hospitals - Office of Mental Health	\$ 114,594	\$ 69,356
Capital Area Human Services District	12,129	12,200
South Central Louisiana Human Services Authority	<u>92,857</u>	<u>-</u>
Total contractual reimbursements receivable	<u>\$ 219,580</u>	<u>\$ 81,556</u>

**Note 6-Property and Equipment**

A summary of property and equipment at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 24,000	\$ 24,000
Office Building	127,151	124,542
Office Equipment	54,643	52,943
Program Equipment	17,103	17,103
Vehicles	67,957	67,957
Software	<u>3,600</u>	<u>3,600</u>
	294,454	290,145
Less: accumulated depreciation	<u>229,327</u>	<u>218,654</u>
Property and equipment, net	<u>\$ 65,127</u>	<u>\$ 71,491</u>

**Note 7-Line of Credit**

The Association has a \$50,000 line of credit, of which no amount was drawn as of June 30, 2022, and \$7,311 was drawn as of June 30, 2021. The interest rate was 3.49% as of June 30, 2022 and 2021. The line of credit is secured by a certificate of deposit as referenced in Note 3, and matures on September 8, 2022.

**Note 8-Gain on Forgiveness of Debt**

The Association received a loan from Neighbors Federal Credit Union, dated April 12, 2020, in the amount of \$53,700 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was accounted for under FASB ASC 470. The Association applied for and was notified in April 2021 that \$53,700 in eligible expenditures for payroll and other expenses described in the CARES Act had been forgiven. Upon forgiveness, the Association accounted for derecognition of the liability in accordance with FASB ASC 405-20. A gain was recorded on extinguishment of debt as other income in the period of forgiveness.

**Louisiana Mental Health Association**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 9-Net Assets with Donor Restrictions**

Net assets with donor restrictions were available for an Advocacy and Education Manager in the amount of \$60,000 as of June 30, 2022. There were no net assets with donor restrictions as of June 30, 2021.

**Note 10-Bielkiewicz House Residential Center**

Louisiana Mental Health Association, 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 buildings 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 (“City-Parish”) for the consideration of operating the Half Way Houses. The land lease was extended in 1999 for a period of twenty years, and was renewed for an additional ten years in 2019. The Association closed the Bielkiewicz House in March 2021 and turned the property over to the City-Parish in June 2021. The total amount of the in-kind contributions related to the Bielkiewicz House Residential Center building for the year ended June 30, 2021 was \$26,400. The corresponding expense is included in rent and utilities expense.

**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, 2023. Rent expense totaled \$48,000 for each of the years ended June 30, 2022 and 2021. Future payments for the fiscal years ending June 30 under the operating lease are as follows:

2023	\$	48,000
2024		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, 2022 and 2021 were \$16,500 and \$10,972, 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. The program amounts are appropriated each year by the Federal and State governments. 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 10, 2022, the date the financial statements were available to be issued. As a result, no subsequent events required adjustment to, or disclosure in, these financial statements.

## **Supplementary Information**

**Louisiana Mental Health Association  
Schedule of Compensation, Benefits and Other  
Payments to Agency Head or Chief Executive Officer  
Year Ended June 30, 2022**

**Agency Head Name: Melissa Silva, Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 123,979
Benefits - retirement	6,199
Benefits - life insurance	96
Benefits - cell phone	867
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	1,404
Housing	-
Unvouchered expenses	-
Special meals	-



**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

**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  
Louisiana Mental Health Association  
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 Louisiana Mental Health Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana Mental Health Association's internal control over financial reporting (internal control) as a basis for designing 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 Louisiana Mental Health Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Mental Health Association'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 and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Item 2022-001, that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Mental Health Association'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 financial statements. 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*.

## **Louisiana Mental Health Association's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on Louisiana Mental Health Association's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. Louisiana Mental Health Association's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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, L.L.P.*

November 10, 2022

**Louisiana Mental Health Association  
Schedule of Findings and Responses  
Year Ended June 30, 2022**

**Part I. Summary of Audit Results**

- 1) An unmodified opinion has been expressed on the financial statements of Louisiana Mental Health Association as of and for the year ended June 30, 2022, 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. Financial Statement Findings**

*2022-001: Excess Salaries Billed to Contract*

Criteria:

In accordance with contract terms, the Organization is to submit monthly invoices for reimbursement based on actual costs incurred.

Condition:

For four months of the fiscal year, administrative salaries submitted for reimbursement exceeded actual costs.

Cause:

The Organization entered into a new contract in March 2022 which allowed for a significant portion of administrative salaries to be billed due to new program start-up time. Internal controls were not adequately designed to ensure that administrative salaries billed in the aggregate among all of the Organization's contracts did not exceed actual salary costs incurred.

Effect:

\$11,810 of personnel costs were allocated to one of the Organization's contracts in excess of actual costs.

Auditor's Recommendation:

We recommend that the Organization strengthen internal controls over the cost allocation process to ensure no duplication among contracts.

Management's Response:

Due to a staff transition within our management team and an immaterial dollar amount, this item was not discovered until our annual audit was conducted. Upon notification of this error in billing, our response was swift and all funds were immediately reimbursed. LAMHA also has internal controls now in place to ensure this does not occur in the future.

**Louisiana Mental Health Association  
Schedule of Prior Year Findings and Responses  
Year Ended June 30, 2022**

**Part I. Financial Statement Findings**

No findings were noted.

**Part II. Management Letter**

No management letter was issued for the year ended June 30, 2021.