

**MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
FINANCIAL STATEMENTS AND  
ACCOMPANYING INFORMATION  
YEAR ENDED DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 30 2013

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mental Health America of Louisiana  
Baton Rouge, Louisiana

### *Report on the Financial Statements*

We have audited the accompanying financial statements and the statement of financial position of Mental Health America of Louisiana (a nonprofit organization), as of December 31, 2012 and the related statements of activities and cash flows for the year 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 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 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 statement, 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 America of Louisiana as of December 31, 2012, 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.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2013, on our consideration of Mental Health America of Louisiana'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 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 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 America of Louisiana's internal control over financial reporting and compliance.

Apple Guerin Company  
May 28, 2013

**MENTAL HEALTH AMERICA  
 OF LOUISIANA  
 BATON ROUGE, LOUISIANA  
 STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2012**

**ASSETS**

**CURRENT ASSETS**

|                           |              |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 15,231    |
| Contracts receivable      | <u>2,772</u> |

|                      |        |
|----------------------|--------|
| Total Current Assets | 18,003 |
|----------------------|--------|

**FURNITURE AND EQUIPMENT** - net of accumulated  
depreciation of \$52,083

-0-

**OTHER ASSETS**

|                  |            |
|------------------|------------|
| Security deposit | <u>399</u> |
|------------------|------------|

|              |                         |
|--------------|-------------------------|
| Total Assets | \$ <u><u>18,402</u></u> |
|--------------|-------------------------|

**LIABILITIES AND NET ASSETS (DEFICIT)**

**CURRENT LIABILITIES**

|                  |                 |
|------------------|-----------------|
| Accounts payable | \$ <u>1,198</u> |
|------------------|-----------------|

**NONCURRENT LIABILITIES**

|                       |                |
|-----------------------|----------------|
| Deferred compensation | 6,157          |
| Payroll taxes payable | <u>110,173</u> |

|                              |                |
|------------------------------|----------------|
| Total Noncurrent Liabilities | <u>116,330</u> |
|------------------------------|----------------|

|                   |         |
|-------------------|---------|
| Total Liabilities | 117,528 |
|-------------------|---------|

**NET ASSETS (DEFICIT)**

|   |                 |
|---|-----------------|
| Unrestricted net assets (deficit) - Exhibit B | <u>(99,126)</u> |
|---|-----------------|

|  |                         |
|--|-------------------------|
| Total Liabilities and Net Assets (Deficit) | \$ <u><u>18,402</u></u> |
|--|-------------------------|

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

**MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

**UNRESTRICTED NET ASSETS**

|  |                    |
|--|--------------------|
| Unrestricted Revenues                            |                    |
| Contributions                                    | \$ 11,027          |
| Federal and state grants                         | 202,643            |
| Private grants                                   | 8,964              |
| Program revenues, net of expenses                | <u>909</u>         |
| Total Unrestricted Revenue                       | <u>223,543</u>     |
| <b>EXPENSES - Exhibit C</b>                      |                    |
| Program services                                 | 187,329            |
| Supporting services                              | <u>56,011</u>      |
| Total Expenses                                   | <u>243,340</u>     |
| <b>(DECREASE) IN UNRESTRICTED NET ASSETS</b>     | <b>(19,797)</b>    |
| <b>NET ASSETS (DEFICIT) AT BEGINNING OF YEAR</b> |                    |
| Unrestricted                                     | <u>(79,329)</u>    |
| <b>NET ASSETS (DEFICIT) AT END OF YEAR</b>       |                    |
| Unrestricted                                     | <u>\$ (99,126)</u> |

The accompanying notes are an integral part of these financial statements

**MENTAL HEALTH AMERICA  
 OF LOUISIANA  
 BATON ROUGE, LOUISIANA  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2012**

|                                   | <u>Program<br/>Services</u> | <u>Supporting<br/>Services</u> | <u>Total</u>      |
|-----------------------------------|-----------------------------|--------------------------------|-------------------|
| Advertising                       | \$ 23,447                   | \$ -0-                         | \$ 23,447         |
| Bank charges                      | -0-                         | 139                            | 139               |
| Compensation and related expenses |                             |                                |                   |
| Compensation                      | 68,006                      | 38,254                         | 106,260           |
| Payroll taxes                     | 7,152                       | 2,384                          | 9,536             |
| Conferences and training          | 5,346                       | 2,754                          | 8,100             |
| Dues and subscriptions            | -0-                         | 365                            | 365               |
| Equipment rental                  | 1,330                       | -0-                            | 1,330             |
| Housing                           | 34,478                      | -0-                            | 34,478            |
| Insurance                         | 1,615                       | -0-                            | 1,615             |
| Interest                          | -0-                         | 3,174                          | 3,174             |
| Internet                          | -0-                         | 951                            | 951               |
| Legal and professional            | 10,967                      | -0-                            | 10,967            |
| Miscellaneous                     | 2,253                       | 2,695                          | 4,948             |
| Postage                           | 175                         | -0-                            | 175               |
| Printing                          | 397                         | -0-                            | 397               |
| Rent                              | 8,404                       | -0-                            | 8,404             |
| Speaker fees                      | 3,600                       | -0-                            | 3,600             |
| Supplies                          | 4,275                       | -0-                            | 4,275             |
| Telephone                         | 4,068                       | 1,356                          | 5,424             |
| Travel                            | 11,816                      | 3,939                          | 15,755            |
|                                   | <hr/>                       | <hr/>                          | <hr/>             |
| <b>Total Expenses</b>             | <b>\$ 187,329</b>           | <b>\$ 56,011</b>               | <b>\$ 243,340</b> |
|                                   | <hr/>                       | <hr/>                          | <hr/>             |

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

**MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
STATEMENT OF CASH FLOWS  
(INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS)  
YEAR ENDED DECEMBER 31, 2012**

|  |                         |
|--|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                         |
| (Decrease) in net assets   | \$ (19,797)             |
| Adjustments to reconcile (decrease) in net assets to net cash (used) by operating activities |                         |
| (Increase) Decrease in operating assets  |                         |
| Contracts receivable   | (65)                    |
| Increase (Decrease) in operating liabilities   |                         |
| Accounts payable   | 528                     |
| Payroll taxes payable  | <u>3,530</u>            |
| Net Cash (Used) by Operating Activities  | (15,804)                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   | -0-                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   | <u>-0-</u>              |
| <b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | (15,804)                |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>  | <u>31,035</u>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <u><u>\$ 15,231</u></u> |

The accompanying notes are an integral part of these financial statements



**MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. Summary of Significant Accounting Policies**

**a. Nature of Activities**

Mental Health America of Louisiana is the state affiliate of a national nonprofit organization addressing all aspects of mental health issues. The Organization works to improve the mental health of citizens with mental disorders through advocacy, education, research and service. The Organization is dedicated to providing Louisiana with community awareness campaigns, consumer protection services, and the strong advocacy required for meaningful mental health reform. The Organization's support comes primarily from government grants.

**b. Income Taxes**

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

**c. Revenues**

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

**d. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**e. Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

The Organization maintains cash balances at one bank which may periodically exceed federally insured limits.

**f. Furniture and Equipment**

Furniture and equipment are capitalized at cost. These assets are being depreciated over estimated useful lives of five to ten years using a straight-line method.

**MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. Summary of Significant Accounting Policies - continued****f. Furniture and Equipment - continued**

Additions, renewals, and betterments that add materially to productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs which do not extend the life of the applicable asset are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in income.

**g. Contracts Receivable**

The Organization uses the allowance method for determining bad debt expense based on management's evaluation of outstanding receivables.

**h. Advertising Costs**

The Organization expenses the cost of advertising as occurred.

**2. Furniture and Equipment**

A summary of furniture and equipment at December 31, 2012 is as follows:

|                                |    |                   |
|--------------------------------|----|-------------------|
| Furniture and equipment        | \$ | 52,083            |
| Less: Accumulated depreciation |    | <u>(52,083)</u>   |
|                                | \$ | <u><u>-0-</u></u> |

Depreciation expense for the year ended December 31, 2012 was \$-0-.

**3. Deferred Compensation**

An employee who retired in 1984 was offered future compensation of \$205 per month to assist in her retirement. The future benefit remaining is \$6,157 as of December 31, 2012. The Organization paid \$-0- during 2012 due to lack of funds. The payments will resume when funds are available.

**4. Operating Lease Commitment**

The Organization has an operating lease commitment for its office facility. The lease is dated November, 2012 for twelve months. The lease expires November, 2013. Rent paid for the year ended December 31, 2012 was \$725. Future minimum lease payments due under this lease subsequent to December 31, 2012 are as follows:

|      |    |              |
|------|----|--------------|
| 2013 | \$ | <u>2,375</u> |
|------|----|--------------|

The Organization had an operating lease commitment on its old office facility which expired in November, 2012. Rent paid for the year ended December 31, 2012 was \$7,679 under that expired lease.

**MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**5. Payroll Taxes**

The Organization has an outstanding payroll tax liability from 2002 and 2003. This liability is the result of fraudulent activity of a prior employee. The IRS is not actively seeking collection of this amount; however, penalties and interest are still being accrued. The Organization is currently undergoing proceedings to abate the balance. It is not known when to anticipate an outcome on these proceedings.

**6. Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**7. Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through May 28, 2013, the date which the financial statements were available to be issued.

**8. Concentrations**

The majority of the Organization's revenue is derived from grants from the Department of Health and Hospitals.

**SUPPLEMENTARY INFORMATION**



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

To the Board of Directors  
Mental Health America of Louisiana  
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 America of Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2013

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mental Health America of Louisiana'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 America of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 America of Louisiana's financial statements are free of 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 the 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.

May 28, 2013

**MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012  
(See Auditors' Report)**

We have audited the financial statements of the Mental Health America of Louisiana as of December 31, 2012, and have issued our report thereon dated May 28, 2013. 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 audit of the financial statements as of December 31, 2012 resulted in an unqualified opinion.

Report on compliance and internal control material to the financial statements

Compliance:

None

Internal Control:

Material Weakness - None

Reportable - None

Prior Year Findings:

Compliance:

None

Internal Control:

Material Weakness - None

Reportable - None