

MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2016

## TABLE OF CONTENTS

		Page
<b>Independent Auditors' Report</b>		1 - 2
<b>Financial Statements</b>		
Statement of Financial Position	Exhibit A	3
Statement of Activities	Exhibit B	4
Statement of Functional Expenses	Exhibit C	5
Statement of Cash Flows	Exhibit D	6
Notes to Financial Statements		7 - 8
<b>Supplementary Information</b>		
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	Schedule 1	9
<b>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 <i>Government Auditing Standards</i></b>		10 - 11
Schedule of Findings and Questioned Costs		12 - 13



## 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 of Mental Health America of Louisiana (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, functional expenses 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.

### *Auditors' 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 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 America of Louisiana as of December 31, 2016, 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 Matter**

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 on page 9 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 19, 2017, 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.



September 19, 2017

**MENTAL HEALTH AMERICA  
 OF LOUISIANA  
 BATON ROUGE, LOUISIANA  
 STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 9,381	
Grants and contracts receivable	26,253	<u>          </u>
Total Current Assets		35,634

**FURNITURE AND EQUIPMENT** - net of accumulated  
depreciation of \$51,868

**OTHER ASSETS**

Security deposit		399
		<u>          </u>
Total Assets	\$	<u><u>36,033</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 16,508	
Payroll taxes payable	2,656	<u>          </u>
Total Liabilities		19,164

**NET ASSETS**

Unrestricted net assets - Exhibit B		16,869
		<u>          </u>
Total Liabilities and Net Assets	\$	<u><u>36,033</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, 2016

**UNRESTRICTED NET ASSETS**

Unrestricted Revenues		
Contributions	\$	22,977
Federal and state grants and contracts		<u>240,221</u>
Total Unrestricted Revenue		<u>263,198</u>
<b>EXPENSES - Exhibit C</b>		
Program services		217,565
Supporting services		<u>42,109</u>
Total Expenses		<u>259,674</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>		3,524
<b>NET ASSETS AT BEGINNING OF YEAR</b>		
Unrestricted		<u>13,345</u>
<b>NET ASSETS AT END OF YEAR</b>		
Unrestricted	\$	<u><u>16,869</u></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, 2016

	<u>Program</u>	<u>Supporting</u>	<u>Total</u>
	<u>Services</u>	<u>Services</u>	<u>Total</u>
Bank charges	\$ -	\$ 114	\$ 114
Compensation and related expenses			
Compensation	55,192	31,045	86,237
Payroll taxes	6,332	2,111	8,443
Contract labor	2,500	1,200	3,700
Housing program	114,096	-	114,096
Insurance	5,606	-	5,606
Legal and professional	6,692	-	6,692
Miscellaneous	3,727	1,223	4,950
Printing	3,501	-	3,501
Rent	4,800	2,760	7,560
Supplies	4,149	-	4,149
Telephone	3,315	1,105	4,420
Travel	7,655	2,551	10,206
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 217,565	\$ 42,109	\$ 259,674
	<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, 2016

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Increase in net assets	\$ 3,524
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) in operating assets	
Grants and contracts receivable	(4,432)
Increase in operating liabilities	
Accounts payable	3,355
Payroll taxes payable	<u>1,668</u>
Net Cash Provided by Operating Activities	4,115
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,115
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>5,266</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 9,381</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, 2016

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 statute of limitations for examination of the Organization's income tax returns is generally three years from the due date of the return, including extensions. The federal tax years open for assessment are the years ending on or after December 31, 2013.

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 a local bank, the balance of which may occasionally exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC).

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 the straight-line method.

MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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.

2. Furniture and Equipment

A summary of furniture and equipment at December 31, 2016 is as follows:

Furniture and equipment	\$ 51,868
Less: Accumulated depreciation	<u>(51,868)</u>
	<u>\$ -</u>

Depreciation expense for the year ended December 31, 2016 was \$-0-.

3. Operating Lease Commitment

The Organization had a one year operating lease for its office facility. The lease was dated December, 2015 for \$630 per month. Of the \$630, \$230 was deemed to be an in-kind donation. The in-kind donation for the year ended December 31, 2016 under this lease was \$2,760 and is included in contributions revenue and in rent expense. Rent paid for the year ended December 31, 2016 under this lease was \$4,800.

In February 2017, the Organization signed a new two year lease for \$460 per month effective February 1, 2017 until January 31, 2019.

4. 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.

5. Subsequent Events

The Organization has evaluated subsequent events through September 19, 2017, the date on which the financial statements were available to be issued.

See Note 3 for a new operating lease commitment entered into subsequent to year end.

The Organization was late in submitting their 2016 audited financial statements to the State of Louisiana. As a result of this noncompliance their funding was suspended in 2017. Additionally, in 2017, the Organization has failed to make some of their payroll tax deposits to the IRS for its employees and has not timely reconciled and maintained accounting records.

6. Concentrations

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

**SUPPLEMENTARY INFORMATION**

**MENTAL HEALTH AMERICA**  
**OF LOUISIANA**  
**BATON ROUGE, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO**  
**AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**  
**YEAR ENDED DECEMBER 31, 2016**  
 (See Auditors' Report)

Agency Head:	Brittany Howard 1/1/16-7/31/16	Vickie Ryan 8/1/16-12/31/16
<u>Purpose</u>	<u>Amount</u>	<u>Amount</u>
Salary	\$ 30,987	\$ 21,268
Benefits - insurance	-	-
Benefits - retirement	-	-
Benefits - other compensation	-	2,500
Benefits - employer match	2,371	1,627
Car allowance	-	-
Vehicle provided by government	-	-
Per diem	-	-
Reimbursements	-	-
Travel	735	32
Registration fees	-	-
Conference travel	-	-
Continuing professional Education fees	-	-
Housing	-	-
Unvouched expenses	-	-
Special meals	-	-
	<hr/>	<hr/>
Total Expenses	\$ <u>34,093</u>	\$ <u>25,427</u>



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, 2016, 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 September 19, 2017.

#### 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 Mental Health America of Louisiana'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 weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses [2016 - 1 through 2016 - 5].

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mental Health America of Louisiana'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2016 - 1 through 2016 - 5.

## Mental Health America of Louisiana's Response to Findings

Mental Health America of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mental Health America of Louisiana's response was not subjected to the auditing procedures applied in this audit.

### 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.



September 19, 2017

**MENTAL HEALTH AMERICA  
 OF LOUISIANA  
 BATON ROUGE, LOUISIANA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED DECEMBER 31, 2016  
 (See Auditors' Report)**

**Part I-Summary of Auditors' Reports**

Type of Auditors' Report Issued	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness(es) Identified	Yes
Significant Deficiency(ies) Identified	Yes
Noncompliance Material to Financial Statements Noted	No

**Part II-Financial Statement Findings:**

**2016 - 1 Late Submission of Audit:**

*Condition* - Audited financial statements were completed past six months of entity's year end.

*Cause* - Information requested from the Organization was received late.

*Criteria* - Statements not filed in accordance with Louisiana R.S. 24:513.

*Effect* - Reports were not delivered timely and funding from DHH was suspended.

*Recommendation* - Management should ensure the reports are filed timely.

*Management's Plan* - Management intends to file timely in the future.

**2016 - 2 Late Payroll Tax Deposits:**

*Condition* - Payroll tax deposits have not been paid in full for the last quarter of 2016 or for any 2017 liabilities.

*Cause* - Payments not made in full.

*Criteria* - IRS requires monthly timely deposits.

*Effect* - Organization is in noncompliance with IRS deposit rules.

*Recommendation* - Management should ensure the deposits are made timely.

*Management's Plan* - Management intends to catch up on these deposits.

**2016 - 3 Inadequate Segregation of Duties:**

*Condition* - Instances of no written authorization for checks written to Executive Director signed by her and cash withdrawals by Executive Director.

*Cause* - Inadequate controls in place to forbid such action.

MENTAL HEALTH AMERICA  
OF LOUISIANA  
BATON ROUGE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2016  
(See Auditors' Report)

2016 - 3 Inadequate Segregation of Duties - continued:

*Criteria* - Proper systems of internal controls provide for adequate segregation of duties.

*Effect* - Management cannot prevent or detect misstatements on a timely basis.

*Recommendation* - Implement adequate controls over disbursements to ensure proper segregation of duties.

*Management's Plan* - Management intends to address these controls.

2016 - 4 General Ledger Reconciliation:

*Condition* - The Organization has no procedures for timely reconciliation of general ledger accounts.

*Cause* - No controls in place to reconcile accounts timely.

*Criteria* - Control procedures over reconciliations are needed to increase the likelihood of misstatements being corrected on a timely basis.

*Effect* - Management cannot prevent or detect misstatements on a timely basis.

*Recommendation* - Implement internal control requiring timely reconciliation of pertinent ledger accounts.

*Management's Plan* - Management intends to address these controls.

2016 - 5 Control Over Records:

*Condition* - The Organization lacked proper accounting records.

*Cause* - No controls in place to provide for proper accounting records.

*Criteria* - Control procedures over proper accounting records are needed to provide evidence of compliance and for the preparation of annual financial statements.

*Effect* - Management cannot prevent or detect misstatements on a timely basis.

*Recommendation* - Implement adequate controls over accounting records to help ensure that proper supporting documents are maintained.

*Management's Plan* - Management intends to address these controls.