



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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ALTERNATIVES LIVING INC.

Alternatives Living Inc., a New Orleans organization that works with the physically and mentally challenged, owes state and federal payroll taxes, penalties and interest of almost \$940,000, some of it dating to 2009, according to an audit report released Monday by Legislative Auditor Daryl Purpera.

In a report for the fiscal year ending June 30, 2012, the organization was also cited by the New Orleans accounting firm of Duplantier, Hrapmann, Hogan and Maher, LLP, for overstating expenses by \$29,659. “We noted several personal expenses for items such as travel, sporting events, concert tickets, repairs to personal vehicles and tuition that were charged as expenses to the company,” the audit report said.

The report said that the agency’s payroll tax liabilities, which were not current as of March 2013, included \$643,667 in taxes and another \$296,091 in penalties and interest. In the 2011 audit, payroll tax liabilities totaled \$484,157 and penalties and interest amounted to \$179,086. Total unrestricted revenue amounted to \$2.84 million in 2012 and \$2.69 million in 2011.

“The operations of the company were not properly managed,” the report said. “Budgets and cash flow were not properly monitored.” The audit report said that there was a \$177,736 net asset deficit as of June 30, 2012, much of that due to the interest and penalties on the payroll taxes due.

In its response to the report, officials of the agency said they have met with the Internal Revenue Service and negotiated a plan to pay off the outstanding payroll tax liabilities. “Management will also perform a thorough analysis of operations and cash flow to prevent this situation from occurring in the future,” the report said.

In the finding dealing with personal expenses, the audit report said that employees owed the agency more than \$71,700 in 2012 compared to a little more than \$35,000 in 2011. In its response, officials of the agency said that future personal expenses will be carried on the books as an item due from employees.

In the report released by the state auditor’s office, Alternatives Living Inc. was also cited again for writing checks to “cash” as a way to allow social workers to buy vehicle fuel, food and other supplies. The report said when a check is made out to “cash,” it can be easily negotiated to anyone if lost or stolen.



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The report also said that there is a lack of controls over credit card charges at Alternatives Living, and the purchases made with the credit cards lack supporting receipts and are not properly reconciled to vendor statements.

The report showed that the agency's credit card payments due more than doubled from \$12,585 in 2011 to \$28,920 in 2012, and the balance owed its revolving line of credit with two banks has increased from \$70,540 in 2011 to \$70,935 in 2012.

A management letter that accompanied the report also pointed out that the agency was making payments on a vehicle lease for its chief officer of \$9,182 in 2012, and the agency did not have a copy of a signed lease agreement in file.

The report said that as of June 2013, federal funds passed through the state Department of Health and Hospitals had been temporarily suspended until the 2011 and 2012 audit reports were filed.

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On Twitter: Alternatives Living Inc. owes state and federal payroll taxes, penalties and interest of almost \$940,000.