

**Mental Health Association
for Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
June 30, 2021**

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Independent Auditor's Report

Board of Directors
Mental Health Association for Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Mental Health Association for Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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.

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 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 Association for Greater Baton Rouge, Inc. as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Mental Health Association for Greater Baton Rouge, Inc.'s 2020 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated November 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of Mental Health Association for Greater Baton Rouge, Inc.'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 Mental Health Association for Greater Baton Rouge, Inc.'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 Mental Health Association for Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

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

November 15, 2021

Mental Health Association for Greater Baton Rouge, Inc.
Statement of Financial Position
June 30, 2021
(with comparative totals as of June 30, 2020)

Assets	2021	2020
Current Assets		
Cash and cash equivalents	\$ 261,264	\$ 270,722
Cash held for others	-	8,342
Total cash and cash equivalents	261,264	279,064
Certificates of deposit	89,946	88,733
Contributions receivable	7,449	-
Contractual reimbursements receivable	81,556	35,727
Prepaid insurance	8,541	11,281
Other receivables	153	15,153
Total current assets	448,909	429,958
Property and Equipment, Net	71,491	101,477
Total assets	\$ 520,400	\$ 531,435
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 7,311	\$ -
Accounts payable	35,422	11,893
Payroll liabilities	5,034	4,368
Client funds held	-	8,342
Accrued expenses	23,576	22,544
Deferred revenue	-	24,748
Total current liabilities	71,343	71,895
Long-Term Liabilities		
Note payable	-	53,700
Total liabilities	71,343	125,595
Net Assets, without donor restrictions	449,057	405,840
Total liabilities and net assets	\$ 520,400	\$ 531,435

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

Mental Health Association for Greater Baton Rouge, Inc.
Statement of Activities
Year Ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	Without Donor Restrictions 2021	Total 2020
Public Support and Revenue		
Public Support		
Allocated by the Capital Area United Way	\$ 67,449	\$ 61,000
Grant income	35,998	131,252
Fundraising	44,813	61,426
Contributions and other	218,743	101,879
In-kind contributions	26,400	26,400
	393,403	381,957
Revenue		
Contractual governmental revenue	853,375	543,429
Total public support and revenue	1,246,778	925,386
Expenses		
Program services	1,114,531	800,955
Management and general	113,457	83,995
Fundraising	34,858	54,848
Total expenses	1,262,846	939,798
Other Income		
Interest and dividend income	5,585	12,190
Gain on forgiveness of debt	53,700	-
Total other income	59,285	12,190
Change in Net Assets	43,217	(2,222)
Net Assets, beginning of year	405,840	408,062
Net Assets, end of year	\$ 449,057	\$ 405,840

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

Mental Health Association for Greater Baton Rouge, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	2021									2020 Total Expenses
	Program Services					Supporting Services				
	Residential Center	Drop-In Center	Target Health	Advocacy/ Education and Referral	Emergency Response Suicide Program	Total Program Services	Manage- ment and General	Fund- raising	Total Expenses	
Salaries and Related Benefits										
Salaries	\$ 177,021	\$ 87,963	\$ 64,400	\$ 58,657	\$ 62,165	\$ 450,206	\$ 31,462	\$ 20,976	\$ 502,644	\$ 472,929
Employee health and retirement benefits	9,155	9,453	2,364	3,171	2,692	26,835	1,825	1,216	29,876	15,282
Payroll taxes and other	14,781	6,254	4,780	4,262	4,425	34,502	2,220	1,480	38,202	39,255
Total salaries and related benefits	<u>200,957</u>	<u>103,670</u>	<u>71,544</u>	<u>66,090</u>	<u>69,282</u>	<u>511,543</u>	<u>35,507</u>	<u>23,672</u>	<u>570,722</u>	<u>527,466</u>
Other Expenses										
Supplies	11,261	6,884	1,072	5,245	12,175	36,637	7,649	-	44,286	40,107
Maintenance and repairs	21,743	3,902	200	204	988	27,037	8,300	-	35,337	37,581
Travel and meetings	105	2,084	284	3,387	303	6,163	1,032	-	7,195	6,032
Rent and utilities	47,014	57,064	414	1,183	1,183	106,858	886	591	108,335	107,141
Postage	-	389	282	201	632	1,504	1,416	-	2,920	1,976
Telephone	7,515	3,312	378	1,080	1,080	13,365	812	540	14,717	12,478
Insurance	15,989	14,355	741	741	4,572	36,398	22,000	-	58,398	38,790
Professional fees and contract services	19,278	16,479	16,245	34,506	238,706	325,214	29,949	7,921	363,084	100,034
Interest expense	-	-	-	-	-	-	311	-	311	331
Training	-	-	-	900	2,628	3,528	-	-	3,528	1,391
Fundraising	-	-	-	-	-	-	-	581	581	7,854
Loss on disposal of fixed assets	14,480	-	-	-	-	14,480	-	-	14,480	-
Miscellaneous expenses	7,373	427	1,347	1,200	829	11,176	3,265	-	14,441	32,746
Total other expenses	<u>144,758</u>	<u>104,896</u>	<u>20,963</u>	<u>48,647</u>	<u>263,096</u>	<u>582,360</u>	<u>75,620</u>	<u>9,633</u>	<u>667,613</u>	<u>386,461</u>
Total Expenses before Depreciation	<u>345,715</u>	<u>208,566</u>	<u>92,507</u>	<u>114,737</u>	<u>332,378</u>	<u>1,093,903</u>	<u>111,127</u>	<u>33,305</u>	<u>1,238,335</u>	<u>913,927</u>
Depreciation	9,602	3,729	1,087	3,105	3,105	20,628	2,330	1,553	24,511	25,871
Total Expenses	<u>\$ 355,317</u>	<u>\$ 212,295</u>	<u>\$ 93,594</u>	<u>\$ 117,842</u>	<u>\$ 335,483</u>	<u>\$ 1,114,531</u>	<u>\$ 113,457</u>	<u>\$ 34,858</u>	<u>\$ 1,262,846</u>	<u>\$ 939,798</u>

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

Mental Health Association for Greater Baton Rouge, Inc.
Statement of Cash Flows
Year Ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 43,217	\$ (2,222)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Loss on disposal of property and equipment	14,480	-
Gain on forgiveness of debt	(53,700)	-
Depreciation	24,511	25,871
(Increase) decrease in assets:		
Contributions receivable	(7,449)	-
Contractual reimbursements receivable	(45,829)	22,447
Prepaid insurance	2,740	811
Other receivables	15,000	(15,000)
Increase (decrease) in liabilities:		
Accounts payable	23,529	(844)
Payroll liabilities	666	1,317
Client funds held	(8,342)	(11,534)
Accrued expenses	1,032	2,175
Deferred revenue	(24,748)	24,748
	<u>(14,893)</u>	<u>47,769</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(15,100)	(3,316)
Insurance proceeds from damage claim	6,095	-
Certificates of deposit, reinvested	(1,213)	(1,866)
	<u>(10,218)</u>	<u>(5,182)</u>
Cash Flows from Financing Activities		
Proceeds from note payable	-	53,700
Increase (decrease) in line of credit	7,311	(2,916)
	<u>7,311</u>	<u>50,784</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,800)	93,371
Cash and Cash Equivalents, beginning of year	<u>279,064</u>	<u>185,693</u>
Cash and Cash Equivalents, end of year	<u>\$ 261,264</u>	<u>\$ 279,064</u>
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	<u>\$ 311</u>	<u>\$ 331</u>

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

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

Note 1-Nature of Organization

Mental Health Association for Greater Baton Rouge, Inc. (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.

Mental Health Association for Greater Baton Rouge, Inc.’s program services are supported through allocations received from the Capital Area United Way 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:

Bielkiewicz House Residential Center. The Bielkiewicz House Residential Center provides transitional housing for persons with mental illnesses and other disabilities. The Residential Center provides housing for 11 male and 13 female clients for up to six months. The staff works closely with clients assisting with financial management, budgeting, job placement, and permanent housing. Clients are also provided assistance in accessing community based rehabilitative and therapeutic services. The Bielkiewicz House Residential Center provides these services primarily through a contract with Louisiana Rehabilitation Services. The Bielkiewicz House closed in March 2021.

Mental Health 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 Associations 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.

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.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

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, 2020 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, 2021 and 2020, the Association had no net assets with donor restrictions.

B. Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The Association adopted Topic 606 effective July 1, 2020, the first day of the Association's fiscal year, using the modified retrospective approach. No cumulative-effect adjustment in net assets was recorded as the adoption of Topic 606 did not significantly impact the Association's reported historical revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

C. 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.

D. 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.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

Note 2-Summary of Significant Accounting Policies (Continued)

E. 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.

F. 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, 2021 and 2020 to be fully collectible and, therefore, did not provide an allowance for doubtful accounts.

G. 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.

H. 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

I. Deferred Revenue

Deferred revenue consists of grant funds received in the current year that will be used and recognized in the following year.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

Note 2-Summary of Significant Accounting Policies (Continued)

J. 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.

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 \$82,000 for costs incurred and for which funds have not been received at June 30, 2021. These costs in excess of receipts are recorded as contractual reimbursements receivable on the statement of financial position.

Conference registrations, included in fundraising income, are recognized when the conferences are held, which is when the performance obligations are satisfied.

K. 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.

L. 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.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

Note 2-Summary of Significant Accounting Policies (Continued)

M. Liquidity Management

As of June 30, 2021, 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	\$ 261,264
Certificate of deposit	34,861
Receivables	<u>89,158</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 385,283</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 8.

N. 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.

O. 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-Cash Held for Others

Cash held for others represents funds collected from and held on behalf of clients enrolled in the Bielkiewicz House Residential Center program. The funds are deposited into a separate bank account and held until the individual completes or otherwise exits the program. The Association maintains a liability for the related client funds held. The Bielkiewicz House closed in March 2021, and all client funds were returned.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

Note 4-Certificates of Deposit

Certificates of deposit as of June 30, 2021 and 2020 were comprised of the following:

	2021	2020
Certificate of deposit with a local bank, which matured on October 12, 2020, bearing interest of 1.24% at June 30, 2020.	\$ -	\$ 33,992
Certificate of deposit with a local bank, maturing on September 8, 2022, bearing interest of 0.50% and 1.49% at June 30, 2021 and 2020, respectively. This certificate of deposit serves as collateral on the Association's line of credit as described in Note 8.	55,085	54,741
Certificate of deposit with a local bank, maturing on March 17, 2022, bearing interest of 0.40% at June 30, 2021.	34,861	-
	\$ 89,946	\$ 88,733

Note 5-Contractual Governmental Revenue

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

Year Ended June 30, 2021	Contract Number	Contract Period	Total Contract	Recognized Revenue
State of Louisiana				
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		126,500
Total contractual governmental revenue				\$ 853,375

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

Note 5-Contractual Governmental Revenue (Continued)

Contractual governmental revenue consisted of the following for the year ended June 30, 2020:

<u>Year Ended June 30, 2020</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Total Contract</u>	<u>Recognized Revenue</u>
State of Louisiana				
Department of Health and Hospitals				
Office of Mental Health - Target Health	356811	7/1/18 – 6/30/21	\$ 270,000	\$ 122,099
Capital Area Human Services District -				
Drop-In Center	354159	7/1/19 – 6/30/20	154,660	154,660
Office of Rehabilitation Services - LRS		7/1/19 – 6/30/20		<u>266,670</u>
Total contractual governmental revenue				<u>\$ 543,429</u>

Note 6-Contractual Reimbursements Receivable

Contractual reimbursements receivable as of June 30, 2021 and 2020 consisted of balances due from the following entities:

	<u>2021</u>	<u>2020</u>
State of Louisiana		
Department of Health and Hospitals - Office of Mental Health	\$ 69,356	\$ 11,492
Capital Area Human Services District	12,200	8,826
Office of Rehabilitation Services - LRS	<u>-</u>	<u>15,409</u>
Total contractual reimbursements receivable	<u>\$ 81,556</u>	<u>\$ 35,727</u>

Note 7-Property and Equipment

A summary of property and equipment at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 24,000	\$ 24,000
Office Building	124,542	120,330
Office Equipment	52,943	68,417
Program Equipment	17,103	37,624
Leasehold Improvements	-	54,198
Residential Center	-	313,072
Vehicles	67,957	67,957
Software	<u>3,600</u>	<u>3,600</u>
	290,145	689,198
Less: accumulated depreciation	<u>218,654</u>	<u>587,721</u>
Total property and equipment, net	<u>\$ 71,491</u>	<u>\$ 101,477</u>

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

Note 8-Line of Credit

The Association has a \$50,000 line of credit, of which \$7,311 was drawn as of June 30, 2021, and no amount was drawn as of June 30, 2020. The interest rate was 3.49% and 3.75% as of June 30, 2021 and 2020, respectively. The line of credit is secured by a certificate of deposit as referenced in Note 4, and matures on September 8, 2022.

Note 9-Note Payable through Paycheck Protection Program

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 accounting 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 have 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.

Note 10-Bielkiewicz House Residential Center

Mental Health Association for Greater Baton Rouge, Inc., 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 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 in-kind contribution and expense are related to the Bielkiewicz House Residential Center building. The income is a component of public support revenue and the corresponding expense is included in rent and utilities expense for the Residential Center program. The total amount of the in-kind contributions for each of the years ended June 30, 2021 and 2020 was \$26,400.

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, 2021 and 2020. Future payments for the fiscal years ending June 30 under the operating lease are as follows:

2022	\$	48,000
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, 2021 and 2020 were \$10,972 and \$10,978, respectively.

Mental Health Association for Greater Baton Rouge, Inc.
Notes to Financial Statements
June 30, 2021

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-Risk and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern,” and on March 10, 2020, declared it to be a pandemic. Actions continue to be taken to mitigate the impact of the virus; however, it is possible that there could be further negative economic impact to the state of Louisiana and the Association. It cannot be projected what that impact could be as of the date of this report.

Note 15-Subsequent Events

Management of the Association evaluated all subsequent events through November 15, 2021, 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

**Mental Health Association for Greater Baton Rouge, Inc.
Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2021**

Agency Head Name: Melissa Silva, Executive Director

Purpose	Amount
Salary	\$ 106,675
Benefits - retirement	5,334
Benefits - life insurance	96
Benefits - cell phone	867
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	450
Conference travel	1,461
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
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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
Mental Health Association for Greater Baton Rouge, Inc.
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 Association for Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mental Health Association for Greater Baton Rouge, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Association for Greater Baton Rouge, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mental Health Association for Greater Baton Rouge, Inc.'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. 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 Association for Greater Baton Rouge, Inc.'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*.

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, Weymouth & Carroll, L.L.P.

November 15, 2021

Mental Health Association for Greater Baton Rouge, Inc.
Schedule of Current Year Audit Findings
Year Ended June 30, 2021

Part I. Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Mental Health Association for Greater Baton Rouge, Inc. as of and for the year ended June 30, 2021, 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. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

Mental Health Association for Greater Baton Rouge, Inc.
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2021

Part I. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

Part II. Management Letter

No management letter was issued for the year ended June 30, 2020.