

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
HIV/AIDS Alliance for Region Two, Inc.  
Baton Rouge, LA

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of HIV/AIDS Alliance for Region Two, Inc. (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2020 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 the 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of HIV/AIDS Alliance for Region Two, Inc. as of December 31, 2020 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 Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Compensation, Benefits, and Other Payments to the CEO, is presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 June 23, 2021 on our consideration of HIV/AIDS Alliance for Region Two, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 HIV/AIDS Alliance for Region Two, 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 HIV/AIDS Alliance for Region Two, Inc.'s internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

June 21, 2021

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS**

Current Assets	
Cash	\$ 1,995,707
Accounts receivable, net	10,311,927
Prepaid expenses	282,014
Total Current Assets	<u>12,589,648</u>
Property and Equipment, net	2,720,531
Other Assets	
Investments	14,000
Total Other Assets	<u>14,000</u>
Total Assets	<u><u>\$ 15,324,179</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	\$ 1,241,937
Other current liabilities	521,326
Total Current Liabilities	<u>1,763,263</u>
Net Assets Without Donor Restrictions	<u>13,560,916</u>
Total Liabilities and Net Assets	<u><u>\$ 15,324,179</u></u>

See accompanying notes and independent auditors' report.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**REVENUES**

Governmental grants	\$ 30,039,430
340B drug program	12,406,227
Fees for services	2,960,733
Donations and grants	2,596,856
Housing income	52,141
Other income	1,639,417
	<hr/>
Total Revenues	49,694,804

**EXPENSES**

Program expenses	
Medical services	8,064,019
340B drug program	8,708,198
Community health	613,104
Housing and Supportive Services	1,569,831
Ryan White Part A/MAI	1,408,913
Health insurance program	22,230,657
General and administrative	3,907,920
	<hr/>
Total Expenses	46,502,642

**CHANGE IN NET ASSETS**

	3,192,162
Net assets - beginning of year	10,368,754
Net assets - end of year	<u><u>\$ 13,560,916</u></u>

See accompanying notes and independent auditors' report.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Medical Services	340B Drug Program	Community Health	Housing & Supportive Services	Ryan White Part A/MAI	Health Insurance Program	General & Administrative	Total
Bad debt	\$ 824,607	\$ -	\$ 54,610	\$ -	\$ -	\$ -	\$ -	\$ 879,217
Clinic expenses	580,217	-	51,182	-	12,525	-	252	644,176
Contract labor	1,084	-	-	-	-	-	79,280	80,364
Depreciation	-	-	-	-	-	-	407,316	407,316
Direct assistance and programs	178,461	8,708,198	1,693	824,029	461,998	21,570,560	-	31,744,939
Facilities	41,572	-	278	5,199	651	64	26,561	74,325
Insurance	62,067	-	-	15,671	-	-	107,152	184,890
Other expenses	161,579	-	12,970	8,252	8,512	47,943	424,672	663,928
Payroll taxes & benefits	677,415	-	53,374	107,826	116,555	106,885	307,106	1,369,161
Professional services	368,159	-	5,053	3,553	2,335	66	644,397	1,023,563
Rent expense	500,580	-	92,572	42,741	47,091	17,841	182,355	883,180
Salaries and wages	4,649,110	-	339,726	560,297	714,707	487,290	1,705,760	8,456,890
Travel and meals	19,168	-	1,646	2,263	44,539	8	23,069	90,693
Total expenses	<u>\$ 8,064,019</u>	<u>\$ 8,708,198</u>	<u>\$ 613,104</u>	<u>\$ 1,569,831</u>	<u>\$ 1,408,913</u>	<u>\$ 22,230,657</u>	<u>\$ 3,907,920</u>	<u>\$ 46,502,642</u>

See accompanying notes and independent auditors' report.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 3,192,162
<u>Adjustments to reconcile net revenues over expenses to net cash used in operating activities:</u>	
Depreciation	407,317
Forgiveness of PPP loan	(1,565,010)
Change in allowance for doubtful accounts	74,357
Increase in accounts receivable	(2,717,722)
Increase in prepaid expenses	(81,375)
Increase in accounts payable	244,871
Decrease in other current liabilities	<u>(129,664)</u>
Net cash used in operating activities	(575,064)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	<u>(640,554)</u>
Net cash used in investing activities	(640,554)

CASH FLOWS FROM FINANCING ACTIVITIES

Draws on line of credit	4,449,803
Payments on line of credit	(4,449,803)
Proceeds from PPP loan	<u>1,565,010</u>
Net cash provided by financing activities	<u>1,565,010</u>

INCREASE IN CASH 349,392

CASH, BEGINNING OF YEAR 1,646,315

CASH, END OF YEAR \$ 1,995,707

SUPPLEMENTAL DISCLOSURE

Cash paid for interest during the year	<u><u>\$ 27,834</u></u>
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See accompanying notes and independent auditors' report.



**HIV/AIDS ALLIANCE FOR REGION TWO, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations**

HIV/AIDS Alliance for Region Two, Inc. (HAART) is a Louisiana community-based 501(c)3 non-profit, incorporated on February 16, 1995, for the purpose of responding to the threat of the HIV (Human Immunodeficiency Virus) and AIDS (Acquired Immune Deficiency Syndrome) diseases existing in Louisiana, through the development of educational programs, support services, assistance, and financial development. In furtherance of those purposes, the corporation is authorized, but not limited to, purchasing and acquiring property, receiving and administering donations of money, property, or other things of value, rendering charitable assistance to individuals living with, or at risk of acquiring, HIV infection or AIDS or educational work related to the HIV or AIDS threat.

***Medical Services***

In 2015, HAART was designated through the Bureau of Primary Health Care as a Federally Qualified Health Center (FQHC), under Section 330(e) of the U.S. Public Health Act, Community Health Centers. The designation comes with annual grant funding in order to ensure access to primary care, oral health and behavioral health services to low-income and uninsured and under insured persons and families residing in the East Baton Rouge parish zip codes of 70802, 70805, 70806, 70812, 70814, 70815, and 70817. This FQHC is operated under the name Open Health Care Clinic and is a replacement for the former Caring Clinic of Louisiana.

The organization has a wholly-owned subsidiary, Caring Clinic of Louisiana, chartered in Louisiana in 2007 as a Limited Liability Company (LLC). Medical services under the name of Caring Clinic were discontinued in 2017, although the LLC remains active and in good standing with the Louisiana Secretary of State's office.

HAART receives various funding that enables primary care services through the Open Health Care Clinic for uninsured HIV positive persons and Early Intervention Services for those who are newly diagnosed or returning to care. As a federally qualified health center Open Health is required to provide care to all comers, not just those with HIV disease, from birth to death regardless of ability to pay. The organization is required to provide primary care for adults and children, dental services, and behavioral health care services.

***340B Drug Program***

HAART and Caring Clinic of Louisiana are both registered as eligible entities in the 340B Drug Pricing Program, administered by HHS/HRSA's Office of Pharmacy Affairs, and employs three contract pharmacies to manage and dispense medications to eligible patients. The medications are available for purchase at a discounted price, resulting in net revenue to the entities based on these savings.

***Community Health***

HAART provides HIV Counseling, Testing and Referral (CTR) services, prevention materials availability and evidence-based interventions with funding from CDC received through the state health department. State funds also support a Wellness Center targeting persons needing testing and treatment for sexually-transmitted infections (STI's) and Pre- and Post-Exposure Prophylaxis (PrEP and PEP) to prevent contracting HIV disease.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**A. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Housing and Supportive Services***

HAART receives two types of grant funding from the Department of Housing and Urban Development (HUD). They are 1) Housing Opportunities for People with AIDS (HOPWA), funded through the City of Baton Rouge-Parish of East Baton Rouge, and 2) Supportive Housing Program (SHP), funded directly by HUD and coordinated through the Louisiana Housing Corporation. The HOPWA grant funds are used to prevent homelessness among persons with AIDS and are used for Project-based and Tenant-based housing assistance, Acquisition and Rehabilitation and Supportive Services. SHP funds are used to assist homeless persons including special populations and the chronically homeless. HAART has two SHP grants which are used for permanent housing assistance and supportive services to help ensure clients remain housed in order to thrive.

HAART has used HOPWA and Neighborhood Stabilization Program (NSP) funds for the acquisition of land and buildings, reflected on the balance sheet net of depreciation, consisting of eight single family homes and a ten-unit apartment complex.

HAART also receives Ryan White Part A funding which is used to provide non-medical case management, pharmaceutical assistance, medical transportation, and other services. This program is administered in the nine-parish Metropolitan Statistical Area (MSA) by the City of Baton Rouge-Parish of East Baton Rouge's Department of Human and Developmental Services.

***Health Insurance Program***

HAART's largest grant funded contract is to administer a Ryan White Part B program for the Louisiana Department of Health. The program assists persons statewide who are living with HIV by purchasing health insurance policies to cover their cost of care and also assists with patient responsibility cost-shares associated with the insurance coverage.

**Basis of Accounting**

The financial statements of HAART have been prepared on the accrual basis of accounting and accordingly reflect all receivables, payables, and other liabilities.

**Financial Statement Presentation**

The financial statements are presented on a consolidated basis with the Caring Clinic of Louisiana, LLC (Clinic), a wholly owned subsidiary of HAART, being consolidated. The Clinic is a single-member LLC with HAART, the corporation, serving as the single member. HAART eliminates all intra-entity balances and transactions and eliminates any gain or losses on transactions among the entities.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, HAART considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**A. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable**

HAART extends credit to patients and third parties in the normal course of business. Accounts receivable arising from grants are recorded at their net realizable value while accounts receivable from patient service fees are recorded at their original amount less contractual adjustments and an allowance for doubtful accounts. This allowance is based on management's estimates, historical experience and a review of all outstanding amounts on an ongoing basis. For the year ended December 31, 2020 the allowance for doubtful accounts was \$488,576. Receivables are written off when deemed uncollectible by management and recoveries, if any, are recorded when received.

**Net Assets**

HAART reports information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

*Net Assets With Donor Restrictions* are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions. HAART does not have any net assets with donor restrictions for the year ended December 31, 2020.

**Revenue Recognition**

Revenue from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant awarded. Revenue from cost reimbursement contracts are earned when costs are incurred and services are provided.

Revenues from the 340B drug program and fees for medical and other services are recognized when the performance obligations are met. As it relates to the 340B drug program revenue is recognized as the prescription is provided to customers and is further discussed above. The performance obligations as it relates to the fees for medical and other services are satisfied at the time the services are rendered. HAART does not have any activity that would give rise to variable consideration.

**Functional Expenses**

HAART allocates its expenses on a functional basis between program services or general and administrative. Expenses that can be identified with a specific program are allocated directly to programs according to their natural expense classification. Other expenses are allocated between programs or general and administrative based on management's best estimate of time, percentage, or square footage used, among other factors.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**A. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Tax-exempt Status**

HAART is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

HAART follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

HAART's open audit periods are 2017 through 2020.

**Advertising**

HAART follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$102,780 for the year ended December 31, 2020.

**Subsequent Events**

In preparing these consolidated financial statements HAART has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the consolidated financial statements were available to be issued.

**B. PROPERTY**

Property and equipment is presented in the financial statements at cost less allowances for depreciation. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of assets which ranges from 3 to 27.5 years.

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2020 are as follows:

Machinery and equipment	5-7 years	\$ 794,881
Furniture and fixtures	5-7 years	652,533
Automobiles	5 years	113,828
Buildings	27.5 years	2,331,111
Software	3 years	112,858
Leasehold improvements	15 years	<u>395,155</u>
		4,400,366
Accumulated depreciation		<u>(1,679,835)</u>
		<u>\$ 2,720,531</u>

Depreciation expense was \$407,316 for the year ended December 31, 2020.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**C. LINE OF CREDIT**

HAART has a line of credit with a regional financial institution for \$1,500,000 at a variable interest rate of LIBOR plus 3% which at year end was 3.15% which matures on March 10, 2022. No balance was due as of December 31, 2020.

Total interest expense as it relates to this line of credit for the year ended December 31, 2020 was \$27,834.

**D. OPERATING LEASES**

Long term operating leases which subject HAART to future minimum payments include various medical clinics in Baton Rouge and Denham Springs, LA. Future minimum lease payments under this lease are as follows:

<u>Year</u>	<u>3801 N. Blvd.</u>	<u>3849 N. Blvd.</u>	<u>30789 N. Range Ave.</u>	<u>Total</u>
2021	\$ 281,832	\$ 262,185	\$ 41,496	\$ 585,513
2022	-	270,050	41,496	311,546
2023	-	278,152	41,496	319,648
2024	-	286,496	41,496	327,992
2025	-	-	34,580	34,580

HAART also leases space on a month-to-month basis for its primary administrative office location at 4550/4560 North Blvd in Baton Rouge, LA.

HAART also leases various machinery and equipment on a month-to-month basis in the ordinary course of business.

Lease expense for the various offices, clinics, and equipment for the year ended December 31, 2020 amounted to \$883,180.

**E. ECONOMIC DEPENDENCY**

HAART derives the majority of its revenues from governmental sources as earned revenue or grants, the loss of which would have a material adverse effect on HAART. During the year ended December 31, 2020 revenue derived from governmental sources accounted for 60% of total revenue.

**F. CONCENTRATIONS**

Financial instruments which subject HAART to concentrations of credit risk consist of cash deposits held with local banks. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. HAART maintains cash in local and regional financial institutions which often exceed the FDIC limits. Management does not believe that it is exposed to any significant credit risk on uninsured amounts.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**F. CONCENTRATIONS (Continued)**

Concentrations of revenues and receivables greater than or equal to 10% for the year ended December 31, 2020 are as follows:

	<u>Revenue</u>	<u>Receivables</u>
Health Insurance Program	48%	46%
340B Drug Program	25%	N/A
Medical Services Program	N/A	13%
Wilson Gift	N/A	16%

**G. RISKS AND UNCERTAINTIES**

**Grants**

HAART receives federal and state contracts for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the contract. It is the opinion of management that HAART's compliance with the terms of contracts will result in negligible, if any, disallowed costs.

**Risk Management**

HAART is exposed to various risks of loss related to torts, claims, theft, and damage in the normal course of business. HAART has purchased various insurance policies to cover such risks. Management is not aware of any pending claims or losses that would have a material effect on its operations or financial position.

**H. PAID TIME OFF**

Paid time off is earned at varying rates from two to six weeks per year depending on length of service. A maximum of six weeks paid time off could be carried over at each employee's anniversary date. The amount accrued for paid time off at December 31, 2020 is \$302,111.

**I. LIQUIDTY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects HAART's financial assets as of the consolidated statement of financial position date within one year of the statement of financial position date.

Financial Assets at Year End:	
Cash	\$ 1,995,707
Accounts Receivable, net	10,311,927
Available Line of Credit	<u>1,500,000</u>
Financial Assets Available for General Expenditures	<u>\$ 13,807,634</u>

As part of HAART's liquidity management cash is kept in various checking and savings accounts that can be accessed to meet daily needs of the organization. In addition, HAART has a \$1,500,000 line of credit it could draw upon in the event of an unanticipated liquidity need.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**J. PENSION PLAN**

HAART has adopted a 401(k) retirement plan with no matching option. Under the provisions of the plan, employees may elect to defer a percentage of their compensation up to a maximum amount established by the IRS. Salary deferrals and the related earnings are 100% vested and non-forfeitable. In 2021 the plan changed to a 403(b) with a 5% match.

These assets are held in the trust fund established under the Plan; the trust fund is independent of HAART. The responsibility for administration of the Plan is with LPL Financial.

**K. PPP LOAN**

During the year HAART received a Payroll Protection Program (PPP) loan from the SBA in the amount of \$1,565,010. The purpose of this loan was to maintain payroll and other operating expense during the COVID-19 pandemic. The terms of the loan allow for the amount to be forgiven in full if the funds are used for payroll and certain operating expenses prior to December 31, 2020.

Subsequent to year end HAART requested and the SBA granted forgiveness of the loan in full.

**I. SIGNIFICANT DONATIONS**

During the year, HAART received two donations bequeathed from the Succession of Angelina Wilson totaling \$2,197,000. Another \$1,000,000 was received on April 16, 2021. Future donations from the Succession of Angelina Wilson are anticipated, although the amounts and timing are uncertain.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor or Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
Continuum of Care Program	14.267	N/A	\$ 278,062
City of Baton Rouge/Parish of East Baton Rouge			
Community Development Block Grants (CARES ACT)	14.218	800002710	51,560
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	800000885	912,829
Housing Opportunities for Persons with AIDS (HOPWA) COVID-19 Supplement	14.241	LAH20-FHW002	108,482
<b>Total U.S. Department of Housing and Urban Development</b>			<b>1,350,933</b>
<b>Federal Communications Commission</b>			
COVID-19 Telehealth Program	32.006	N/A	116,049
<b>Total Federal Communications Commission</b>			<b>116,049</b>
<b>U.S. Department of Education</b>			
Rehabilitation Training Technical Assistance Centers	84.264	N/A	22,313
<b>Total U.S. Department of Education</b>			<b>22,313</b>
<b>U.S. Department of Health and Human Services</b>			
Health Center Program	93.224	N/A	1,676,999
Health Center Program - CARES Act H8C	93.224	N/A	59,334
Health Center Program - CARES Act H8D	93.224	N/A	525,871
Health Center Program - CARES Act H8E	93.224	N/A	35,733
Capital Area Human Services District			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	SM-17-008	119,204
University of Washington			
Drug Abuse and Addiction Research Programs	93.279	UWSC11929	38,100

See accompanying notes to schedule of expenditures of federal awards.



**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor or Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
City of Baton Rouge/Parish of East Baton Rouge			
HIV Emergency Relief Grant Program - Ryan White Part A	93.914	PO170705	1,105,859
HIV Emergency Relief Grant Program - Ryan White Part A MAI	93.914	PO170706	274,426
HIV Emergency Relief Grant Program - Ryan White Part A COVID-19 Supplement	93.914	PO170705	61,159
Louisiana Department of Health			
Family Planning Services	93.217	62274	10,000
HIV Care Formula Grants - Ryan White Part B	93.917	61274	23,727,123
HIV Prevention Activities-Health Department Based Care and Prevention in the United States (CAPUS)	93.940	61192	259,238
STD/HIV Program - Wellness	93.940	60587	7,755
STD/HIV Program - Testing	93.940	60611	188,999
Preventive Health Services - Sexually Transmitted Diseases	93.977	N/A	243,313
<b>Total U.S. Department of Health and Human Services</b>			<u>28,333,113</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 29,822,408</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of HIV/AIDS Alliance for Region Two, Inc. (HAART) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of HAART, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HAART.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

HAART is reimbursed for actual costs incurred and does not apply an indirect cost rate.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO CEO  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Chief Executive Officer: Timothy Young

*No compensation paid from public funds.*

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  
HIV/AIDS Alliance for Region Two, Inc.  
Baton Rouge, LA

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 consolidated financial statements of HIV/AIDS Alliance for Region Two, Inc., (a non-profit organization) which comprise the consolidated statement of financial position as of December 31, 2020 and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 21, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered HIV/AIDS Alliance for Region Two Inc.'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of HIV/AIDS Alliance for Region Two, Inc.'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 and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 the 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 HIV/AIDS Alliance for Region Two, Inc.'s consolidated 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 consolidated financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audits 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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

June 21, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
HIV/AIDS Alliance for Region Two, Inc.  
Baton Rouge, LA

**Report on Compliance for Each Major Federal Program**

We have audited HIV/AIDS Alliance for Region Two, Inc.'s (HAART) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of HAART's major federal programs for the year ended December 31, 2020. HAART's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of HAART's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HAART's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of HAART's compliance.

***Opinion on Each Major Federal Program***

In our opinion, HAART complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

Management of HAART is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered HAART's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test

and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of HAART's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control* over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

June 21, 2021

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Summary of Auditors' Reports**

**Identification of Major Programs**

CFDA Number(s)	Name of Federal Program or Cluster
14.241	Housing Opportunity for Persons with AIDS
93.917	HIV Care Formula Grants - Ryan White Part B
93.940	HIV Prevention Activities - Health Department Based

Dollar threshold used to distinguish between Type A and Type B programs \$ 894,672

Is the auditee a 'low risk' auditee as defined by the Uniform Guidance Yes      No   X  

**Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses	Yes <u>    </u>	No <u>    </u>	<u>  X  </u>
Significant Deficiencies	Yes <u>    </u>	No <u>    </u>	<u>  X  </u>

Compliance with Provisions of Laws, Regulation, Contracts or Grant Agreements Yes      No   X  

**Report on Each Major Federal Program and on Internal Control Over Compliance**

Internal Control

Material Weaknesses	Yes <u>    </u>	No <u>    </u>	<u>  X  </u>
Significant Deficiencies	Yes <u>    </u>	No <u>    </u>	<u>  X  </u>

Type of Opinion on Compliance for Each Major Program

14.241 - Housing Opportunity for Persons with AIDS	<u>Unmodified</u>
93.917 - HIV Care Formula Grants - Ryan White Part B	<u>Unmodified</u>
93.940 - HIV Prevention Activities - Health Department Based	<u>Unmodified</u>

Are there findings required to be reported in accordance with the Uniform Guidance Yes      No   X  

**Findings - Financial Statement Audit**

There are no findings for the year ended December 31, 2020

**Questioned Costs**

There are no questioned costs for the year ended December 31, 2020.



**HIV/AIDS ALLIANCE FOR REGION TWO, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Summary of Prior Audit Findings**

There were no findings for the year ended December 31, 2019.

**Questioned Costs**

There were no questioned cost for the year ended December 31, 2019.