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Certified Public Accountants and Consultants

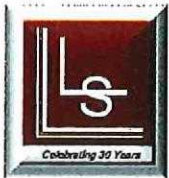
BROTHERHOOD, INCORPORATED
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
<u>Financial Statements</u>	
Statement of Financial Position – As of December 31, 2020	3
Statement of Activities – Year Ended December 31, 2020	4
Statement of Functional Expenses – Year ended December 31, 2020	5
Statement of Cash Flows – Year Ended December 31, 2020	6
<u>Notes to the Financial Statements</u> Year Ended December 31, 2020	7-13
<u>Supplementary Information</u>	
Schedule of Expenditures of Federal Awards	14
Notes to Schedule of Expenditures of Federal Awards	15
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>	16-17
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance	18-20
<u>Schedule of Findings and Questioned Costs</u>	21-25
<u>Schedule of Prior Year Findings</u>	26
<u>Schedule of Compensation, Benefits, and Other Payments To Agency Head or Chief Executive Officer</u>	27



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Brotherhood, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Brotherhood Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statement 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 Brotherhood 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.

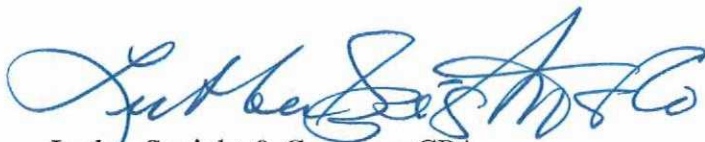
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the 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*, 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 January 26, 2022, on our consideration of Brotherhood Incorporated'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 Brotherhood Incorporated'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 Brotherhood Incorporated's internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
January 26, 2022

Brotherhood, Incorporated
Statement of Financial Position
December 31, 2020

Assets

Cash	\$ 38,549
Accounts Receivable	238,946
Other Current Assets	3,032
Net Fixed Assets	<u>155,201</u>

Total Assets \$ 435,728

Liabilities

Liabilities

Accounts Payable	\$ 27,331
Accrued Payroll	15,727
Payroll Tax Liabilities	44,391
Other Current Liabilities	4,350
Line of Credit	52,659
PPP Loan	<u>145,000</u>
Total Liabilities	<u>289,458</u>

Net Assets

Without Donor Restrictions	<u>146,270</u>
Total Net Assets	<u>146,270</u>

Total Liabilities and Net Assets \$ 435,728

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

Brotherhood, Incorporated
Statement of Activities
For the Year Ended December 31, 2020

	Without	With	
Public Support and Revenues	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>	<u>Total</u>
Grant Support	\$ 1,078,886	\$ -	\$ 1,078,886
Program Income	40,117	-	40,117
Other Income	5,804	-	5,804
Total Public Support and Revenues	<u>1,124,807</u>	<u>-</u>	<u>1,124,807</u>
 Expenses			
Program Services:			
A. HIV/AIDS Housing	316,570	-	316,570
B. OPH HIV/AIDS Testing	218,873	-	218,873
C. CDC HIV/AIDS Prevention	349,926	-	349,926
D. NYU HIV/AIDS Testing	69,157	-	69,157
E. NYU HIV/AIDS Testing	4,560	-	4,560
F. Compass Initiative	44,344	-	44,344
G. Advocacy Social Justice	42,123	-	42,123
 Support Services:			
Management and General	<u>213,583</u>	<u>-</u>	<u>213,583</u>
Total Expenses	<u>1,259,136</u>	<u>-</u>	<u>1,259,136</u>
Change in Net Assets from Operations	(134,329)	-	(134,329)
Net Assets, Beginning of Period	<u>280,599</u>	<u>-</u>	<u>280,599</u>
Net Assets, End of Period	<u>\$ 146,270</u>	<u>\$ -</u>	<u>\$ 146,270</u>

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

Brotherhood, Incorporated
Statement of Functional Expenses
For the Year Ended December 31, 2020

	HIV/AIDS Housing	OPH HIV/AIDS Testing	CDC HIV/AIDS Prevention	NYU HIV/AIDS Prevention	KIU HIV/AIDS Prevention	Compass Initiative	Advocacy Social Justice	Total	Management & General	Total
Salaries & Related Expenses	264,000	130,238	206,562	54,213	4,060	33,043	30,258	722,374	238,184	960,558
Medical Lab Costs	489	33,168	5,019	-	-	248	2,862	41,786	591	42,377
Travel & Training	70	3,295	585	3,650	250	1,450	1,000	10,300	823	11,123
Insurance	11,594	4,486	8,390	-	-	-	638	25,108	5,609	30,717
Rent Expense	-	12,420	19,327	3,675	-	735	-	36,157	-	36,157
Utilities & Household	12,054	1,363	1,355	-	-	-	-	14,772	5,137	19,909
Communications	7,910	3,130	6,837	-	-	570	200	18,647	-	18,647
Program Incentives	-	579	7,570	-	250	2,930	5,300	16,629	428	17,057
Office Expenses	1,944	3,941	2,781	59	-	-	1,865	10,590	768	11,358
Food & Nutrition	7,480	-	-	-	-	-	-	7,480	7,099	14,579
Repairs & Maintenance	4,872	444	5,002	-	-	1,230	-	11,548	10,936	22,484
Professional Fees	5,400	5,100	4,500	-	-	-	-	15,000	6,000	21,000
Other Expenses	285	105	-	199	-	30	-	619	2,700	3,319
Indirect Costs	-	20,316	70,937	7,361	-	4,108	-	102,722	(98,403)	4,319
Program Supplies	-	-	10,878	-	-	-	-	10,878	-	10,878
Interest Expense	-	-	-	-	-	-	-	-	1,538	1,538
Fees, Taxes and Assessments	472	15	183	-	-	-	-	670	-	670
Advertising Expense	-	273	-	-	-	-	-	273	105	378
Sub-Totals	316,570	218,873	349,926	69,157	4,560	44,344	42,123	1,045,553	181,515	1,227,068
Depreciation Expense	-	-	-	-	-	-	-	-	32,068	32,068
Totals	<u>\$ 316,570</u>	<u>\$ 218,873</u>	<u>\$ 349,926</u>	<u>\$ 69,157</u>	<u>\$ 4,560</u>	<u>\$ 44,344</u>	<u>\$ 42,123</u>	<u>\$ 1,045,553</u>	<u>\$ 213,583</u>	<u>\$ 1,259,136</u>

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

Brotherhood, Incorporated
Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (134,329)
Adjustments to reconcile changes in net assets to net cash provided in operating activities:	
Depreciation	32,068
Increase in Grants Receivable	(173,714)
Decrease in Other Current Assets	90
Increase in Accounts Payable	27,331
Decrease in Accrued Payroll	(12,548)
Increase in Payroll Liabilities	30,854
Increase in Other Current Liabilities	100
Net Cash Used by Operating Activities	(230,148)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Fixed Assets	(9,472)
Net Cash Used By Investing Activities	(9,472)

CASH FLOWS FROM FINANCING ACTIVITIES:

Borrowings of Line of Credit, Net	52,412
Borrowings of PPP Loan	145,000
Net Cash Provided By Financing Activities	197,412

Net Change in Cash and Cash Equivalents (42,208)

Beginning Cash and Cash Equivalents 80,757

Ending Cash and Cash Equivalents \$ 38,549

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

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2020

NOTE 1 - ORGANIZATION

Brotherhood, Inc. is a nonprofit, community-based organization that is dedicated to providing housing and healthcare for individuals suffering from Human Immune/Deficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) and to provide support services for their families. Brotherhood, Inc. was incorporated on June 7, 1996 pursuant to the provisions of the Louisiana Nonprofit Law, Louisiana R. S. 12:201 – 12:269 (1950 as amended).

Brotherhood, Inc. offers and provides the following programs and services:

- HIV/AIDS Education and Training;
- Risk Reduction Workshops;
- African American Community Leader Training;
- Community Awareness Sessions and Health Fairs;
- Street and Venue Based Outreach;
- Condom Distribution;
- HIV Counseling and Testing;
- Peer Lead Support Groups;
- Referrals and Other Services
- Support housing for people with special needs; and
- Capacity building assistance to other community-based organizations.

Programs and services provided by Brotherhood Inc. are funded primarily by grants from the following agencies:

- U. S. Department of Health and Human Services
- Center for Disease Control and Prevention
- U.S. Department of Housing and Urban Development

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting

Brotherhood, Inc. is a non-profit, community-based organization whose financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Reporting

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the Organization classifies resources for accounting and reporting purposes into two net asset categories which are with donor restrictions and without donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and therefore, their policy is to record those net assets as without donor restrictions.
- Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. 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

At December 31, 2020, Brotherhood, Inc. did not have any net assets with donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash in demand deposits and investments purchased with a maturity date of three months or less to be cash equivalents. For the year ended December 31, 2020, the Organization did not have any cash equivalents.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncollectible Accounts, Grants Receivable, and Promises to Give

The Organization uses the direct charge-off method whereby uncollectible accounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method. For the year ended December 31, 2020, the Organization did not record an allowance for doubtful accounts.

Fixed Assets

Land, furniture, equipment, vehicles, and building and improvements of Brotherhood, Inc. are recorded as assets and are stated at historical cost, if purchased or at fair market value at the date of the gift, if donated. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. Long-lived assets over \$500 are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of assets as follows:

Furniture and Equipment	3-7 Years
Vehicles	5 Years
Building and Improvements	10-27.5 Years

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions.

A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2020

Revenue Recognition (Continued)

Unconditional contributions, or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as revenue with or without donor restrictions, depending on the existence and nature of any 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. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Concentration of Credit

The Organization maintains cash accounts with one commercial bank. The balances did not exceed the federal insured amount of \$250,000 during the year ended December 31, 2020.

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.

Income Taxes

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

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2020. Management is currently evaluating the effect of this accounting pronouncement.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2020

NOTE 3 – FIXED ASSETS

A summary of fixed assets is as follows:

Land	\$	12,000
Furniture and Fixtures		69,724
Buildings and Improvements		453,181
Equipment		203,881
Vehicles		39,598
		<hr/> 778,384
Accumulated Depreciation		<hr/> (623,183)
Net Fixed Assets	\$	<hr/> <hr/> 155,201

Depreciation expense for the year then ended December 31, 2020 was \$32,068.

NOTE 4 – ECONOMIC DEPENDENCY

The primary source of revenue for the Organization is federal grants provided through various funding agencies. The continued success of Brotherhood, Inc. is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

NOTE 5 – GOVERNMENT GRANTS

Brotherhood, Inc. is the recipient of several federal awards, as disclosed in the schedule of expenditures of federal awards. Included in grant revenue are funds disbursed from several funding sources to provide funds for the implementation of various community programs as well as to support the operations of Brotherhood, Inc.

NOTE 6 – OPERATING LEASES

Brotherhood, Inc. executes annual lease agreements for the use of office space in a building located at 2714 Canal Street. Total rent expense for the year ended December 31, 2020 was \$36,157. A new lease agreement goes into effect starting January 1, 2022. The monthly lease payment for fiscal 2022 and 2023 is \$3,013 per month.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2020

NOTE 6 – OPERATING LEASES (CONTINUED)

The future minimum lease payments are as follows:

<u>December 31,</u>	<u>Amount</u>
2021	\$ 23,737
2022	36,156
2023	<u>36,156</u>
Total	<u>\$ 96,049</u>

NOTE 7 – FEDERAL COMPLIANCE CONTINGENCIES

The Organization is a recipient of several grants and awards of federal funds. These grants and awards are governed by various federal guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants and awards is under the control and administration of Brotherhood, Inc., and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

NOTE 8 – LINES OF CREDIT

The Organization has one line of credit with a financial institution. At December 31, 2020, the line of credit has an interest rate of 7.5%. At December 31, 2020, the line of credit has an outstanding balance of \$52,659.

NOTE 9 - PAYROLL PROTECTION PROGRAM LOAN

In response to the COVID-19 global pandemic (see NOTE 12), Brotherhood, Inc. obtained financing from the Small Business Administration through the Payroll Protection Program. Brotherhood Inc. obtained a loan in the amount of \$145,000, which was to be spent on payroll. The loan is considered forgivable, as long as Brotherhood, Inc. used the funds for allowable purposes. As of December 31, 2020, the loan had not been forgiven, and the outstanding balance was \$145,000.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2020

NOTE 10 – PENSION PLAN

The Organization has a 403(b) Pension Plan. Employees, who have successfully completed their 90 day probationary period are qualified to join the plan. The Organization does not contribute money to the plan.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Brotherhood, Inc.'s financial assets as of December 31, 2020, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash	\$ 38,549
Accounts Receivable	238,946
Less: Donor Imposed Restrictions	<u>-</u>
	<u>\$ 277,495</u>

NOTE 12 – COVID-19 GLOBAL PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread across multiple countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions to operations, funding, and the ability for employees to perform their duties.

NOTE 13 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of January 26, 2022, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.

Brotherhood, Incorporated
Schedule of Expenditures of Federal Awards
December 31, 2020

<u>Federal Grantor</u>	<u>Pass-through Grantor</u>	<u>CFDA Number</u>	<u>Program Title</u>	<u>Project/Pass-through Identifying Number</u>	<u>Award Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
City of New Orleans:					
		14.241	Housing Opportunities for Persons With AIDS	HOPWA-026B	\$ 316,502
 <u>CENTER FOR DISEASE CONTROL AND PREVENTION</u>					
New York University School of Medicine:					
		93.941	Impact of Neighborhoods and Networks on HIV Prevention and Care Behaviors Among Black MSM in the Deep South	106119	69,157
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Grant:					
		93.939	Comprehensive High Impact HIV Prevention Projects for Community Based Organizations	6NU65PS004804-04-01	349,926
State of Louisiana:					
		93.940	Pre-Exposure Prophylaxis (PREP) and Peer Navigational Services	2000170068/2000398435	97,479
		93.940	4th Gen. Lab Based HIV Testing & Expanded STI Screening	2000168153/2000398443	121,392
TOTAL FEDERAL EXPENDITURES					\$ 954,456

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Brotherhood, Incorporated
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE A – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes federal grant activity of Brotherhood, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B – PRESENTATION

The accompanying schedule of expenditures of federal awards covers the fiscal year ended December 31, 2020.

NOTE C – DE MINIMIS COST RATE

During the year ended December 31, 2020, Brotherhood, Inc. did not elect to use the 10% de minimis cost rate.

NOTE D – LOAN AND LOAN GURANTEES

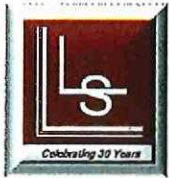
Brotherhood, Inc. did not expend federal awards related to loans or loan guarantees during the year ended December 31, 2020. Brotherhood, Inc. had no loans outstanding at the year ended December 31, 2020.

NOTE E – FEDERAL FUNDED INSURANCE

Brotherhood, Inc. has no federally funded insurance.

NOTE F – NONCASH ASSISTANCE

Brotherhood, Inc. did not receive any federal noncash assistance for the year ended December 31, 2020.



Luther Speight & Company
Certified Public Accountants and Consultants

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*.

To the Board of Directors of
Brotherhood, Inc.

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 Brotherhood, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 January 26, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brotherhood 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brotherhood Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Brotherhood 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding No. 2020-001 that we consider to be a significant deficiency.

Continued,

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brotherhood 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*.

Brotherhood Inc.'s Response to Findings

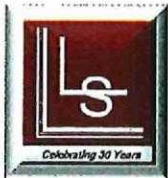
Brotherhood Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Brotherhood Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Luther Speight & Company CPAs
New Orleans, Louisiana
January 26, 2022



Luther Speight & Company
Certified Public Accountants and Consultants

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

To the Board of Directors of
Brotherhood, Inc.

Report on Compliance for Each Major Federal Program

We have audited Brotherhood Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Brotherhood Inc.'s major federal program for the year ended December 31, 2020. Brotherhood Inc.'s major federal program is identified in the summary of auditor's 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 Brotherhood Inc.'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 Brotherhood Inc.'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 Brotherhood Inc.'s compliance.

Continued,

Opinion on Each Major Federal Program

In our opinion, Brotherhood Inc. 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding No. 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

Brotherhood Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Brotherhood Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Brotherhood Inc. 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 Brotherhood Inc.'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 an opinion on compliance for each major federal 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 Brotherhood Inc.'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.

Continued,

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.

A handwritten signature in blue ink, appearing to read "Luther Speight", is written over the printed name.

Luther Speight & Company CPAs
New Orleans, Louisiana
January 26, 2022

Brotherhood, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I – Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? yes no
Significant deficiencies identified
not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

An unqualified opinion was issued on compliance.

Internal control over major programs:

Material weaknesses identified? yes no
Significant deficiencies identified
not considered to be material weaknesses? yes no

Other matters or instances on
noncompliance required to be reported
in accordance with the Uniform Guidance? yes no

The major programs for the year ended December 31, 2020 were as follows:

1. Housing Opportunities for Persons with AIDS – 14.241
2. Comprehensive High Impact HIV Prevention Projects for Community Based Organizations – 93.939

Dollar threshold used to distinguish between Type A and Type Be programs: \$750,000

Auditee did not qualify as a low-risk auditee.

Brotherhood, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section II – Financial Statement Findings and Questioned Costs

FINDING NO. 2020-001: FIXED ASSET RECONCILIATION PROCEDURES
NOT ADEQUATE

CRITERIA:

Generally accepted accounting principles and nonprofit accounting best practices require that reconciliations be performed monthly for all general ledger accounts as part of an organization's month-end close process. In addition, Louisiana Revised Statute 24:515.B.1 states that every auditee subject to examination and audit shall maintain records of all land, buildings, improvements, equipment, and any other general fixed assets which were purchased or otherwise acquired. The records shall include information as to the date of purchase of such property and equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of. These records shall be made available when the audit is conducted by a certified public accountant.

CONDITION:

The accounting and month-end closing procedures for fixed assets did not include proper account analysis and complete reconciliation of the subsidiary ledgers to the general ledger accounts. As a result, our examination identified several fixed asset categories with variances and depreciation expense was not recorded for the year.

CAUSE:

The Organization's general accounting practices did not include reconciling subsidiary ledgers to the general ledger accounts.

EFFECT:

Although the depreciation expense audit adjustment was ultimately recorded, the accuracy of the Organization's interim financial reporting may have been impaired.

RECOMMENDATION:

We recommend that the Organization update their accounting and month-end close process to ensure that all general ledger accounts are fully reconciled. Any resulting adjustments should be researched and properly recorded on an interim basis. Alternative staffing approaches should be considered.

Brotherhood, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

FINDING NO. 2020-001: FIXED ASSET RECONCILIATION PROCEDURES
NOT ADEQUATE (CONTINUED)

MANAGEMENT RESPONSE:

We will update our accounting and month end closing process procedures to include proper account analysis and reconciliation of the fixed asset subsidiary ledger to the general ledger accounts on a quarterly basis for any new acquired, obsolete, and or depreciated fixed assets and make the adjustments on the schedule and record the entries on the general ledger. If budget is permitted, we would like to include additional staffing to adhere to the accounting best practices and be in compliance.

Brotherhood, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section III – Federal Awards Findings and Questioned Costs

FINDING NO. 2020-002: GRANT OBJECTIVES NOT FULLY MET

Title and CFDA Number of Federal Program: CFDA 93.939 - Comprehensive High Impact HIV Prevention Projects for Community Based Organizations

Name of Federal Agency: Department of Health and Human Services

CRITERIA:

The grant agreement for this program came with certain performance objectives required by the Notice Of Funding Opportunity (NOFO). The success of the federal program is dependent on the objectives being met during the grant period.

CONDITION:

We reviewed the grant program and noted that the following objectives were not met:

1. Number of HIV tests to be conducted.
 - a. The number of tests to be conducted in the Annual Objective was 1,000, but the actual number of tests conducted was 354.
2. Number of new HIV infections to be identified.
 - a. The number of new HIV infections to be identified in the Annual Objective was 14, but the actual number of HIV infections identified was 11.
3. Number of HIV-positive persons who enrolled in and completed a HIP behavioral intervention.
 - a. The number of HIV-positive persons who enrolled in a HIP behavioral intervention in the Annual Objective was 60, but the actual number of HIV-positive persons who enrolled was 42.
 - b. The percentage of HIV-positive persons who enrolled in a HIP behavioral intervention in the Annual Objective was 75%, but the actual percentage of HIV-positive persons who completed the program was 70%.

CAUSE:

The COVID-19 global pandemic presented some challenges to the Organization in meeting the grant objectives. The Organization had to close their office for a number of months due to the restrictions put in place by the State of Louisiana. The Organization was only able to maintain contact with clients, agencies, and partners using social media, emails, texts, and phone calls, instead of in-person contact or holding meetings during this time.

EFFECT:

The Organization was unable to meet all of the performance objectives set by the federal program.

Brotherhood, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

FINDING NO. 2020-002: GRANT OBJECTIVES NOT FULLY MET (CONTINUED)

RECOMMENDATION:

We recommend that the Organization create alternate plans in meeting the grant objectives as a back up for when extenuating circumstances such as a global pandemic occurs.

MANAGEMENT RESPONSE:

Due to the unforeseen and extenuating global pandemic, we were not able to meet our target objectives and goals for the grant. However, our funder was abreast of the circumstances, and we were in communication with them to discuss the challenges and reinventing alternative plans to meet our objective. The pandemic affected both staff and our target population. We will discuss and create alternative plans with our staff and funders to meet our grant objectives as back up for future unforeseen circumstances. We will adhere to all requirement outlined by the State health Department and the CDC.

Brotherhood, Incorporated
Schedule of Prior Year Findings
For the Year Ended December 31, 2020

<u>Finding #</u>	<u>Description</u>	<u>Resolved/Unresolved</u>
2019-01	General Accounting and Month-End Close Procedures Not Adequate	Resolved
2019-02	Payroll and Human Resource Procedures Not Followed Consistently	Resolved

Brotherhood, Incorporated

**Schedule of Compensation, Benefits, and Other Payments
To Agency Head or Chief Executive Officer
For the Year Ended December 31, 2020**

Agency Head Name: Mark Johnson, Executive Director

Purpose	Amount
Salary	\$ 82,245
Benefits-FICA	6,215
Benefits-insurance	-
Benefits-retirement	-
Benefits-executive parking	-
Car allowance	-
vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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