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NO/AIDS TASK FORCE

FINANCIAL STATEMENTS

JUNE 30, 1999 AND 1998

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Release Date FEB 09 2000

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**INDEPENDENT AUDITORS' REPORT ON
BASIC FINANCIAL STATEMENTS AND
ACCOMPANYING SCHEDULE**

To the Board of Directors of
NO/AIDS Task Force
New Orleans, Louisiana

We have audited the accompanying statements of financial position of NO/AIDS Task Force (the "Task Force") as of June 30, 1999 and 1998, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Task Force as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued reports dated October 18, 1999, on our consideration of the Task Force's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying schedule of expenditures of federal awards for the year ended June 30, 1999, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

October 18, 1999

Legier & Materné, CPAs

NO/AIDS TASK FORCE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 189,438	\$ 109,030
Reimbursements receivable	219,822	181,365
Unconditional promises to give (net of allowances of \$7,047 for 1999 and \$3,500 for 1998)	3,673	4,911
Prepaid expenses	9,260	10,576
Certificate of deposit	-	30,000
Investments in marketable securities	24,360	16,694
Deposits	23,840	8,240
Equipment and leasehold improvements, less accumulated depreciation and amortization	145,979	115,652
Total assets	<u>\$ 616,372</u>	<u>\$ 476,468</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 73,770	\$ 50,177
Accrued expenses	88,930	83,956
Other liabilities	6,652	-
Capital lease obligation	46,714	-
Note payable	-	20,000
Total liabilities	<u>216,066</u>	<u>154,133</u>
Net Assets:		
Unrestricted	366,111	286,902
Temporarily restricted	34,195	35,433
Total net assets	<u>400,306</u>	<u>322,335</u>
Total liabilities and net assets	<u>\$ 616,372</u>	<u>\$ 476,468</u>

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

**NO/AIDS TASK FORCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1999**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Grants and contracts	\$ 1,993,660	\$ -	\$ 1,993,660
Fund raising	487,466	-	487,466
Pledges	137,644	7,508	145,152
Other support and revenue	47,567	-	47,567
Net assets released from restrictions:			
Satisfaction of program restrictions	8,746	(8,746)	-
Total public support and revenue	<u>2,675,083</u>	<u>(1,238)</u>	<u>2,673,845</u>
EXPENSES:			
Program services	1,981,940	-	1,981,940
Support services	600,948	-	600,948
Total Expenses	<u>2,582,888</u>	<u>-</u>	<u>2,582,888</u>
ALLOCATIONS:			
Allocations to other AIDS related agencies	12,986	-	12,986
CHANGE IN NET ASSETS	79,209	(1,238)	77,971
Net assets, beginning of year	<u>286,902</u>	<u>35,433</u>	<u>322,335</u>
Net assets, end of year	<u>\$ 366,111</u>	<u>\$ 34,195</u>	<u>\$ 400,306</u>

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

**NO/AIDS TASK FORCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1998**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:			
Grants and contracts	\$ 2,013,295	\$ -	\$ 2,013,295
Fund raising	616,930	-	616,930
Pledges	177,998	4,911	182,909
Other support and revenue	20,294	-	20,294
Net assets released from restrictions:			
Satisfaction of program restrictions	13,004	(13,004)	-
Total public support and revenue	<u>2,841,521</u>	<u>(8,093)</u>	<u>2,833,428</u>
EXPENSES:			
Program services	2,170,191	-	2,170,191
Support services	643,016	-	643,016
Total Expenses	<u>2,813,207</u>	<u>-</u>	<u>2,813,207</u>
ALLOCATIONS:			
Allocations to other AIDS related agencies	<u>18,000</u>	<u>-</u>	<u>18,000</u>
CHANGE IN NET ASSETS	10,314	(8,093)	2,221
Net assets, beginning of year	<u>276,588</u>	<u>43,526</u>	<u>320,114</u>
Net assets, end of year	<u>\$ 286,902</u>	<u>\$ 35,433</u>	<u>\$ 322,335</u>

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

NO/AIDS TASK FORCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1999

	Program Services							Supporting Services			Total Expenses	
	Education	Primary Medical Care	Case Management	Mental Health	Volunteer	Food for Friends	Benefits Assistance Housing	Total	Management and General	Fund Raising		Total
Salaries	\$ 131,412	\$ 94,799	\$ 369,180	\$ 100,370	\$ 114,158	\$ 137,685	\$ 26,376	\$ 973,980	\$ 164,652	\$ 81,506	\$ 246,158	\$ 1,220,138
Employee health and retirement benefits	25,678	10,117	52,833	15,173	16,896	17,349	3,301	141,347	16,259	10,102	26,361	167,708
Payroll taxes	9,138	7,287	27,590	7,466	8,954	10,812	2,017	73,264	10,986	6,279	17,265	90,529
Total salaries and related expenses	166,228	112,203	449,603	123,009	140,008	165,846	31,694	1,188,591	191,897	97,887	289,784	1,478,375
Fees and contract expenses	1,535	1,152	3,230	9,548	5,408	10,283	330	31,486	23,594	4,210	27,804	59,290
Supplies and materials	5,927	6,575	6,288	1,796	3,683	366,465	473	391,207	5,701	48,882	54,583	445,790
Telephone	2,000	751	6,884	2,417	8,418	5,156	406	26,032	4,352	1,475	5,827	31,859
Postage	757	468	1,764	565	645	1,817	156	6,172	6,818	2,773	9,591	15,763
Occupancy	11,105	4,441	34,377	12,658	8,883	22,681	2,221	96,366	9,809	7,946	17,755	114,121
Equipment costs	4,280	1,681	12,919	4,489	3,292	8,389	829	35,879	5,391	2,781	8,172	44,051
Transportation	2,013	559	8,326	3,036	565	4,549	422	19,470	2,039	251	2,290	21,760
Conference	421	-	-	725	1,241	-	-	2,387	952	49	1,001	3,388
Printing and media	2,998	2,687	5,577	2,030	5,100	5,589	511	24,492	38,172	51,410	89,582	114,074
Medication, rent and utility assistance	-	-	33,534	-	-	-	768	33,534	-	-	-	33,534
Insurance	2,561	1,025	7,940	2,817	2,305	3,330	-	20,746	2,817	2,049	4,866	25,612
Lab tests	-	37,159	-	-	-	-	-	37,159	-	-	-	37,159
Advertising and promotion	1,551	4,366	142	142	1,203	1,113	142	8,659	373	9,195	9,568	18,227
Site expenses	-	-	-	-	-	-	-	-	-	-	-	-
Entertainment and volunteer recognition	-	-	-	-	7,128	-	-	7,128	-	24,647	24,647	24,647
Continuing education	150	-	-	75	282	1,147	-	1,654	2,499	12,086	14,585	21,713
Miscellaneous	500	2,896	808	-	1,089	750	-	6,043	4,536	619	5,155	6,809
Total expenses before depreciation & interest	202,026	175,963	571,392	163,307	189,250	597,115	37,952	1,937,005	317,253	272,599	589,852	2,526,857
Depreciation and amortization	5,326	2,130	16,504	5,860	4,727	6,068	1,531	42,146	5,660	4,128	9,788	51,934
Interest	423	169	1,308	467	338	-	84	2,789	1,055	253	1,308	4,097
Total expenses	\$ 207,775	\$ 178,262	\$ 589,204	\$ 169,634	\$ 194,315	\$ 603,183	\$ 39,567	\$ 1,981,940	\$ 323,968	\$ 276,980	\$ 600,948	\$ 2,582,888

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

NO/AIDS TASK FORCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1998

	Program Services										Supporting Services			Total Expenses
	Education	Primary Medical Care	Case Management	Mental Health	Volunteer	Food for Friends	Benefits Assistance Housing	Community Medication	Total	Management and General	Fund Raising	Total		
Salaries	\$ 138,969	\$ 78,908	\$ 396,245	\$ 133,538	\$ 138,844	\$ 144,734	\$ 46,152	\$ -	\$ 1,077,390	\$ 204,100	\$ 101,217	\$ 305,317	\$ 1,382,707	
Employee health and retirement benefits	28,205	11,358	59,439	15,306	19,944	22,202	5,035	-	161,489	30,298	14,568	44,866	206,355	
Payroll taxes	11,141	5,953	30,033	10,302	10,376	10,574	3,358	-	81,737	15,070	7,557	22,627	104,364	
Total salaries and related expenses	178,315	96,219	485,717	159,146	169,164	177,510	54,545	-	1,320,616	249,468	123,342	372,810	1,693,426	
Fees and contract expenses	1,695	1,616	2,820	10,537	1,380	1,185	540	-	19,773	15,746	9,175	24,921	44,694	
Supplies and materials	19,095	8,841	6,370	1,347	2,154	413,196	702	-	451,705	2,770	47,495	50,265	501,970	
Telephone	1,727	488	7,490	1,442	13,469	4,701	766	-	30,083	3,821	2,595	6,416	36,499	
Postage	2,168	1,766	2,821	1,886	2,130	2,046	1,686	-	14,503	2,128	6,334	8,462	22,965	
Occupancy	12,445	5,177	29,667	8,958	10,147	20,987	3,759	-	91,140	10,596	5,440	16,036	107,176	
Equipment costs	3,971	2,562	9,556	3,268	3,390	6,221	1,335	-	30,303	4,961	1,392	6,353	36,656	
Transportation	3,053	781	13,438	3,119	1,919	3,743	406	-	26,459	10,291	233	10,524	36,983	
Conference	532	1,009	21	-	661	-	-	-	2,223	153	-	153	2,376	
Printing and media	10,148	3,674	10,624	4,501	8,548	4,842	1,184	-	43,521	21,351	34,376	55,727	99,248	
Medication, rent and utility assistance	-	-	23,497	-	-	-	-	321	23,818	-	-	-	23,818	
Insurance	2,693	1,154	8,349	3,247	2,424	3,501	808	-	22,176	3,374	2,155	5,529	27,705	
Lab tests	-	38,299	-	-	-	-	-	-	38,299	-	-	-	38,299	
Advertising and promotion	1,000	2,089	175	-	412	-	175	-	3,851	891	-	26,210	30,061	
Site expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	
Entertainment and volunteer recognition	-	-	-	-	7,530	-	-	-	7,530	1,020	6,915	7,935	15,465	
Continuing education	(4)	141	1,488	520	125	297	-	-	2,567	2,881	1,976	4,857	7,424	
Miscellaneous	-	-	800	-	372	1,252	-	-	2,424	400	16,434	16,834	19,258	
Total expenses before depreciation & interest	236,838	163,816	602,833	197,971	223,825	639,481	65,906	321	2,130,991	329,851	302,901	632,752	2,763,743	
Depreciation and amortization	4,840	1,936	15,002	5,323	4,356	6,291	1,452	-	39,200	5,323	3,872	9,195	48,395	
Interest	-	-	-	-	-	-	-	-	-	1,069	-	1,069	1,069	
Total expenses	\$ 241,678	\$ 165,752	\$ 617,835	\$ 203,294	\$ 228,181	\$ 645,772	\$ 67,358	\$ 321	\$ 2,170,191	\$ 336,243	\$ 306,773	\$ 643,016	\$ 2,813,207	

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

NO/AIDS TASK FORCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 77,971	\$ 2,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	51,934	48,395
Donated assets	(5,422)	(600)
Donated investments	-	(3,864)
Loss on disposal of equipment and leasehold	2,881	-
Non cash income	(7,666)	(1,854)
Changes in assets and liabilities:		
Reimbursements receivable	(38,457)	26,640
Unconditional promises to give	1,238	7,707
Prepaid expenses	1,316	235
Other current assets	-	18,400
Deposits	(15,600)	980
Accounts payable	23,593	(48,969)
Accrued expenses	4,974	7
Other liabilities	6,652	-
Net cash provided by operating activities	<u>103,414</u>	<u>49,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Maturity of certificates of deposit	30,000	-
Purchase of equipment and leasehold improvements	(27,166)	(14,913)
Net cash provided by (used in) investing activities	<u>2,834</u>	<u>(14,913)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	20,000
Payments on note payable	(20,000)	(15,025)
Payments on capital lease obligation	(5,840)	-
Net cash provided by (used in) financing activities	<u>(25,840)</u>	<u>4,975</u>
Increase in cash	80,408	39,360
Cash at beginning of year	109,030	69,670
Cash at end of year	<u>\$ 189,438</u>	<u>\$ 109,030</u>
Supplemental Disclosures:		
Interest paid	<u>\$ 717</u>	<u>\$ 1,069</u>
Non-cash Investing Activity:		
<p>During fiscal 1999, a capital lease was entered into for the purchase of equipment in the amount of \$52,554.</p> <p>During fiscal 1998, a certificate of deposit in the amount of \$30,000 matured and was renewed for this same amount.</p>		

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

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NO/AIDS Task Force (the "Task Force") is a nonprofit organization providing support and services to people affected by acquired immune deficiency syndrome (AIDS) and human immunodeficiency virus (HIV) in the Greater New Orleans area. The Task Force also offers educational programs and informational materials to the general public, in order to prevent more people from becoming infected and to build awareness of the serious medical, legal, social and emotional problems faced by those already infected.

The Task Force's programs are as follows:

Education

Education continues to be the best method for slowing the spread of HIV/AIDS. The program's goal is making the community aware that prevention is vital to reducing the spread of HIV. Additionally the Task Force uses street outreach workers to talk to adolescents, injection drug users and others about their high-risk behavior in a non-threatening and non-judgmental manner.

Primary Medical Care

The Task Force offers viral-load testing, T-cell monitoring and counseling in diet, exercise and stress management. The Task Force helps more than 125 HIV-infected clients ensure that their health and lives are as strong as they can be.

Case Management

The Task Force provides Case Managers who serve as liaisons between the clients and the network of community resources needed to live comfortably and with dignity. Case Managers work with those living with HIV and AIDS to develop a plan of care that addresses their medical, financial, emotional and social needs.

Mental Health

The Task Force offers short-term individual counseling to help HIV-infected and affected individuals cope with the complex emotional, physical and practical problems they face.

Volunteer

The Task Force operates a statewide hotline. The counselors who answer the phone are volunteers. The hotliners answer caller's questions and provide information on HIV transmission and prevention. They provide referrals to other agencies and set up appointments for HIV testing and Primary Care Services. Also volunteers counselors staff an HIV antibody counseling and testing program where nearly 2000 individuals are tested yearly.

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foods for Friends

The Task Force delivers two well-balanced meals to HIV infected individual's who are unable to provide meals for themselves. Additionally, a food pantry supplements the client's needs with nonperishable food items and personal care items. More than 150 volunteers are responsible for the success of this program.

Benefits Assistance Housing

The Task Force provides assistance to HIV infected individuals to obtain acceptable and affordable housing.

Basis of Presentation

The accompanying financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The Task Force reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

Donated services are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. During fiscal years 1999 and 1998, several news publications and a printing company donated advertising space and services, primarily for fund raising activities. The estimated value of these donated services and the corresponding expenses for the years ended June 30, 1999 and 1998, were \$45,000 and \$20,440, respectively, and are reflected in these financial statements as other support and revenue and support service expenses.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Absent donor stipulations regarding how long those donated assets must be maintained, the Task Force reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Task Force reclassifies temporarily restricted net assets to unrestricted net assets at that time. If a time restriction has been stipulated by the donor, the expiration of this restriction is reported as the related asset is depreciated.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Task Force have been summarized on a functional basis in the accompanying statements of functional expenses. In preparing these statements, certain costs such as rent, utilities and supplies have been allocated among the various programs and supporting services on the basis of the number of personnel involved in each activity.

Investments in marketable securities

Investments consist primarily of common stocks that were donated to the Task Force in the past several years. These investments are stated at fair market value. Investment income consist primarily of unrealized gains on these common stocks and is included in other support and revenue.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. The Task Force capitalizes all expenditures for equipment in excess of \$500; the fair value of donated assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are amortized over the life of the related lease.

Unconditional Promises to Give

Substantially all of the balance of unconditional promises to give are expected to be collected within the next year.

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals are to promote the Task Force's fund-raising events. However, a portion of these expenses are allocated to the programs that are benefited.

Allocations to AIDS Related Agencies

A percentage of proceeds from certain fund raising activities are earmarked for donation to other community AIDS related agencies by management of the Task Force.

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Tax Status

The Task Force is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and it is not a private foundation.

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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Task Force's estimates include those regarding the fair value of donated materials and services.

NOTE 2 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>1999</u>	<u>1998</u>
Community medication funds	\$30,522	\$30,522
Periods after June 30, 1999	<u>3,673</u>	<u>4,911</u>
	<u>\$34,195</u>	<u>\$35,433</u>

NOTE 3 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements are summarized as follows at June 30:

	<u>1999</u>	<u>1998</u>
Computer equipment and software	\$161,665	\$202,088
Office furniture, fixtures and equipment	108,646	70,694
Leasehold improvements	<u>93,726</u>	<u>129,919</u>
	364,037	402,701
Less - Accumulated depreciation and amortization	<u>218,058</u>	<u>287,049</u>
	<u>\$145,979</u>	<u>\$115,652</u>

NOTE 4 - NOTES PAYABLE

As of June 30, 1998, the Task Force had a note payable to a financial institution. The note required monthly interest payments charged at an annual rate of 8.5% in 1998, and was collateralized by a certificate of deposit in the amount of \$30,000. Both the note and the certificate of deposit were extinguished when they matured in July 1998.

As of June 30, 1999 and 1998, the Task Force had an unsecured line of credit with the same financial institution for \$100,000. Interest is to be charged at the financial institution's prime plus 0.5% and

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – NOTES PAYABLE (cont'd)

matures in March 2000. At June 30, 1999 and 1998, there were no outstanding borrowings under this line.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Task Force leases its administrative and operational facility under a noncancelable operating lease that provides for monthly rentals of \$6,517. The lease expires in December 2001 and contains two three-year renewal options with rents escalating from \$6,900 to \$7,858 during the two option periods. In addition, the Task Force leases a facility on a month to month basis for program activities for \$400 per month.

Future minimum payments under noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 1999 are as follows:

2000	\$78,204
2001	78,204
2002	39,102

Rental expense relating to these leases was \$79,500 and \$67,200 for the years ended June 30, 1999 and 1998, respectively.

Capital Lease Obligation

During fiscal 1999, the Task Force purchased a telephone operating system under a capital lease for \$52,554. This equipment is included in equipment and leasehold improvements in the accompanying statement of financial position, and the related amortization is included in accumulated depreciation and amortization, and depreciation and amortization expense. The net book value at June 30, 1999 was \$47,299. Future minimum lease payments under the capital lease for the five years succeeding June 30, 1999, are as follows:

2000	\$14,004
2001	14,004
2002	14,004
2003	14,004
2004	<u>7,002</u>
Total minimum lease payments	63,018
Less amounts representing interest	<u>16,304</u>
Present value of minimum capital lease payments	<u>\$46,714</u>

**NO/AIDS TASK FORCE
NOTES TO FINANCIAL STATEMENTS**

Concentrations

The Task Force's financial instruments that are exposed to concentrations of credit risk consist primarily of cash on deposit and a certificate of deposit at a financial institution. The Task Force places its financial instruments with a high credit quality, regional bank located in the Greater New Orleans area. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Amounts on deposit in excess of insured limits were approximately \$160,000 and \$85,000 at June 30, 1999 and 1998, respectively.

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. The Task Force intends to fulfill the condition of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. The Task Force, by accepting the grants and their terms, has agreed to the conditions of the donors. For fiscal 1999 and 1998, government grants represent approximately 75% and 71%, respectively, of the Task Force's total support and revenue. In addition, the balance of reimbursements receivable is comprised primarily of government grants.

NOTE 6 - PENSION PLAN

The Task Force provides a simplified employee plan to its employees. The plan provides, to all employees who have been with the Task Force for a minimum of two years, an annual contribution to an Individual Retirement Account (IRA) equal to three percent of an employee's current gross eligible compensation. Contributions to the plan totaled \$18,761 and \$23,034 for the years ended June 30, 1999 and 1998, respectively.

NOTE 7 - ALLOCATION OF JOINT COSTS

During fiscal 1999 and 1998, the Task Force incurred costs related to the publication and mailing of its periodic newsletter; this newsletter includes requests for contributions, as well as program and management and general components. These costs are not specifically attributable to particular components of the activities (joint costs). These joint costs were allocated as follows for the years ended June 30:

<u>Expense Category</u>	<u>1999</u>	<u>1998</u>
Fund Raising	\$ 3,324	\$ 5,100
Program services:		
Education	2,720	6,100
Primary Medical Care	1,813	3,600
Case Management	6,648	12,000
Mental Health	2,115	6,200
Volunteer	2,417	5,600
Food for Friends	6,950	6,800
Benefits Assistance Housing	604	2,800
Management and General	<u>3,626</u>	<u>6,000</u>
Total	<u>\$30,217</u>	<u>\$54,400</u>

**NO/AIDS TASK FORCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999**

Grantor/Pass Through Grantor/Program Title	CFDA Number	Disbursements/ Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES Pass through: <u>Mayor's Office of Health Policy</u> Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93.915	\$ 1,257,203
<u>Louisiana Department of Health and Hospitals</u> Office of Public Health - HIV/AIDS Services Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	224,993
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Pass through: <u>City of New Orleans Division of Housing and Neighborhood Development and Unity for the Homeless</u> Housing Opportunities for Persons with AIDS	14.241	286,544
TOTAL FEDERAL AWARDS		\$ 1,768,740

NOTES TO SCHEDULE

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of NO/AIDS Task Force and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The Task Force's federal awards are operated on a cost reimbursement basis whereby the Task Force applies for reimbursement of costs incurred in conjunction with program activities. Accordingly, this schedule presents the *revenues earned through the expenditure of funds in conjunction with these awards*.

Major Programs

Major programs are identified in the Summary of Auditors' Results section of the Schedule of Findings and Questioned Costs.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
the NO/AIDS Task Force
New Orleans, Louisiana

We have audited the financial statements of the NO/AIDS Task Force as of and for the year ended June 30, 1999 and have issued our report thereon dated October 18, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the NO/AIDS Task Force's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the NO/AIDS Task Force in a separate letter dated October 18, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the NO/AIDS Task Force's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the NO/AIDS Task Force in a separate letter dated October 18, 1999.

This report is intended solely for the information and use of the finance committee, management, others within the organization 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.

October 18, 1999

Legier + Maternie, CPAs

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the Board of Directors of
the NO/AIDS Task Force
New Orleans, Louisiana

Compliance

We have audited the compliance of the NO/AIDS Task Force with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The NO/AIDS Task Force's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the NO/AIDS Task Force's management. Our responsibility is to express an opinion on the NO/AIDS Task Force's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 the NO/AIDS Task Force'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. Our audit does not provide a legal determination on the NO/AIDS Task Force's compliance with those requirements.

In our opinion, the NO/AIDS Task Force complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the NO/AIDS Task Force is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the NO/AIDS Task Force's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, management, others within the organization 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.

Legin & Matern, apac

October 18, 1999

**NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified
that are not considered to be material
weaknesses? yes none reported

Noncompliance material to financial
statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified
that are not considered to be material
weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.915	HIV Emergency Relief Formula Grants

Dollar threshold used to distinguish
Between type A and type B programs: \$300,000
Auditee qualified as low-risk auditee? yes no

**NO/AIDS TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.



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October 18, 1999

To the Board of Directors of
NO/AIDS Task Force
New Orleans, Louisiana

In planning and performing our audit of the financial statements of NO/AIDS Task Force ("the Task Force") for the year ended June 30, 1999, we considered the Task Force's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

As a result of this consideration, we developed the following observations and recommendations concerning certain internal control and other operational matters that are designed to help the Task Force make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to the Task Force. The attached Exhibit represents a schedule of prior year findings and their current status. Our current year comments are summarized as follows:

GENERAL INTERNAL CONTROL PRACTICES/CONTRACT COMPLIANCE

Observation 99-1

During our compliance testing of the Task Force's federal expenditures, we noted that the grantee overspent and subsequently overcharged budgeted line items on the monthly cost control statement without prior approval. The total budget was not exceeded, however, the contract requires that changes to any budgeted line items be preapproved.

Recommendation

Requests for reimbursement on the monthly cost control statements should not exceed the amount allowed per the originally agreed-upon budget without prior approval.

Management's Response

With respect to the period of the contract being audited, the Mayor's Office of Health Policy had verbally informed the Task Force that overcharging specific line items was acceptable as long as the category subtotal was not overspent. This had been done repeatedly in the past and payment was received in all cases. Effective March 1, 1999, the Mayor's Office of Health Policy changed

the policy to agree with the written contract, and as such no line items have been overspent in the current contract period.

Observation 99-2

During our compliance testing of the Task Force's federal expenditures, we discovered a payment to a vendor which was made pursuant to a lease agreement. Upon further investigation of the lease arrangement, we discovered this payment represented a payment on a capital lease, whereby the transaction would be treated as a purchase and not a rental.

Recommendation

Transactions made pursuant to capital leases should be capitalized and reflected in the balance sheet with corresponding payments recorded as principal and interest portions

Management's Response

Due to an internal oversight the Task Force did not properly record a capital lease. In the future this lease will be reflected in the balance sheet with corresponding payments recorded as principal and interest.

Observation 99-3

The Task Force maintains a cash balance in excess of FDIC limits.

Recommendation

Funds should be managed in a way, perhaps by dividing funds into more bank accounts, to ensure monies are not susceptible to loss caused by exceeding FDIC limits.

Management's Response

The Task Force is aware that on occasion cash on deposit is in excess of FDIC limits. The Task Force will review the situation and see if adjustments can be made to ensure that monies are not susceptible to loss caused by exceeding FDIC limits.

It should be understood that our comments deal exclusively with operational matters, and should not be regarded as reflecting on the integrity or the capabilities of anyone in your organization. It should be further recognized that our comments have been restricted to suggested improvements, and are not intended as a commentary on the various favorable aspects of the Task Force's procedures and controls.

We appreciate the cooperation we have received from the Task Force personnel and the opportunity to have been of service to you and the Task Force. This report is intended solely for the information and use of the Board of Directors, management, and others within the Task Force. In the event you have any questions or require additional information with respect to matters discussed in the accompanying report, please do not hesitate to contact us.

Very truly yours,

Legui & Materni, APC

**NO/AIDS Task Force
Summary Schedule of Prior Year Findings
June 30, 1999**

Management Letter Comments

Observation 98-1

Purchase orders and/or receiving reports are not regularly prepared for purchases for the Food for Friends' food bank.

Corrective Action

Corrective action was taken.

Observation 98-2

During our compliance testing of the Task Force's federal expenditures, we noted one instance in which the grantor was overcharged for salaries due to one two-week payroll period being used (multiplied by two) to derive the amount requested for reimbursement on the monthly cost control statement, when in fact the two payroll period amounts paid during the month

Corrective Action

Corrective action was taken.