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CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.

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Under provisions of state law, this report is a public document. A copy of this report is available at **DECEMBER 31, 1999** the entity and its financial statements and records. The report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor, where appropriate, at the discretion of the parish clerk of court.

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Release Date 8-2-00

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Central Louisiana AIDS Support Service, Inc.

We have audited the accompanying statement of financial position of Central Louisiana AIDS Support Service, Inc. (a nonprofit organization) as of December 31, 1999, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Central Louisiana AIDS Support Service, Inc. as of December 31, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2000, on our consideration of Central Louisiana AIDS Support Service, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

MARVIN A. JONEAU, C.P.A.
H. FRED RANDOW, C.P.A.
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

The Board of Directors
Central Louisiana AIDS Support Service, Inc.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Central Louisiana AIDS Support Service, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards 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.

Payne Moore & Herrington, LLP
Certified Public Accountants

May 12, 2000

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1999

EXHIBIT A

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	38,334
Grants receivable		150,218
Prepaid expenses		<u>1,791</u>
Total Current Assets		190,343

FIXED ASSETS

Property and equipment - net of depreciation		20,509
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OTHER ASSETS

Deposits		<u>1,496</u>
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TOTAL ASSETS

\$ 212,348

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes and other employee withholdings	\$	2,075
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NET ASSETS

Unrestricted		<u>210,273</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 212,348

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

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 1999

EXHIBIT B

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Federal grants	\$	\$ 475,725	\$ 475,725
Interest	564		564
Contributions	66		66
Fundraising	773		773
Miscellaneous	2,314		2,314
Net assets released from restrictions	<u>487,226</u>	<u>(487,226)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	490,943	(11,501)	479,442
 EXPENSES			
Federal grants			
HIV Care Formula grants	258,095		258,095
HIV Prevention Activities	98,805		98,805
Maternal and Child Health Services	26,805		26,805
Housing Opportunities for Persons with AIDS	83,403		83,403
Other grants			
Huey P. Long	13,899		13,899
PATH - Homeless Day Shelter	17,573		17,573
General and Administrative	23,775		23,775
Fundraising	<u>6,005</u>		<u>6,005</u>
Total Expenses	<u>528,360</u>	<u>-</u>	<u>528,360</u>
 CHANGE IN NET ASSETS	(37,417)	(11,501)	(48,918)
 NET ASSETS, BEGINNING OF YEAR	<u>247,690</u>	<u>11,501</u>	<u>259,191</u>
 <u>NET ASSETS, END OF YEAR</u>	<u>\$ 210,273</u>	<u>\$ -</u>	<u>\$ 210,273</u>

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

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 1999

EXHIBIT C
(Continued)

	HIV CARE FORMULA GRANTS	HIV PREVENTION ACTIVITIES	MATERNAL AND CHILD HEALTH SERVICES	HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
Advertising and promotion	\$ 198	\$ 15	\$	\$
Bank charges	20			
Board development				
CAC	3,619			
Client events				
Daily activities				
Dental	6,215			
Depreciation	9,718			
Direct assistance - rents/housing				83,403
Dues and subscriptions				
Education/professional development	424	3,293		
Emergency rent	1,980			
Food	14,509			
Insurance	2,787	1,852		
Legal and other professional	8,779	1,170		
Janitorial	3,308	535		
Medication	41,226			
Meeting expense	3,230			
Miscellaneous	524	782		
Office and other supplies	3,320	2,886		
Payroll tax and other employee expenses	12,775	6,117		
Pest control/lawn	630	170		
Postage	1,464	1,089		
Printing	461	1,444		
Private fund distribution				
Rent expense	7,800	7,042		
Repairs and maintenance	2,365	1,537		
Salaries, wages, and contract labor	117,899	56,944	26,805	
Security	398			
Taxes and penalties				
Telephone/answering service/pagers	3,355	3,093		
Transportation	8,136			
Travel		6,699		
Utilities/water	2,955	2,968		
Workshops/conference		1,169		
	\$ 258,095	\$ 98,805	\$ 26,805	\$ 83,403

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

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 1999

EXHIBIT C
(Concluded)

	HUEY P. LONG	PATH-HOMELESS DAY SHELTER	GENERAL	FUNDRAISING	TOTAL
Advertising and promotion	\$	\$	\$ 1,236	\$	\$ 1,449
Bank charges					20
Board development			299		299
CAC					3,619
Client events	686				686
Daily activities	196				196
Dental					6,215
Depreciation					9,718
Direct assistance - rents/housing					83,403
Dues and subscriptions		10			10
Education/professional development					3,717
Emergency rent					1,980
Food					14,509
Insurance	275	103	143		5,160
Legal and other professional	260		1,541		11,750
Janitorial			422		4,265
Medication					41,226
Meeting expense					3,230
Miscellaneous			3,607		4,913
Office and other supplies	1,085	17	222		7,530
Payroll tax and other employee expenses	1,658	1,312	911		22,773
Pest control/lawn					800
Postage		70	36	3	2,662
Printing					1,905
Private fund distribution	265		100	6,002	6,367
Rent expense	217		1,562		16,621
Repairs and maintenance			3,309		7,211
Salaries, wages, and contract labor	9,257	15,950	8,743		235,598
Security					398
Taxes and penalties			1,019		1,019
Telephone/answering service/pagers		35	625		7,108
Transportation					8,136
Travel		76			6,775
Utilities/water					5,923
Workshops/conference					1,169
	<u>\$ 13,899</u>	<u>\$ 17,573</u>	<u>\$ 23,775</u>	<u>\$ 6,005</u>	<u>\$ 528,360</u>

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

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1999

EXHIBIT D

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$(48,918)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	9,718
Changes in operating assets and liabilities:	
Grants receivable	(68,318)
Prepaid expenses	278
Other liabilities	514
NET CASH USED IN OPERATING ACTIVITIES	(106,726)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(3,081)
NET CASH USED IN INVESTING ACTIVITIES	(3,081)
 CASH FLOWS FROM FINANCING ACTIVITIES	
	-0-
 DECREASE IN CASH AND CASH EQUIVALENTS	(109,807)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	148,141
 <u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$ 38,334</u>

ADDITIONAL REQUIRED DISCLOSURES:

1. Management considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. No interest was paid for the year ended December 31, 1999.
3. No income taxes were paid for the year ended December 31, 1999.
4. There were no material noncash investing or financing transactions during 1999 that affected recognized assets or liabilities.

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

**CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.**

DECEMBER 31, 1999

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Central Louisiana Aids Support Service, Inc. (CLASS) is a nonprofit corporation formed to provide support services and education to promote and encourage the development, advancement, and exchange of information in all aspects of prevention, research, diagnosis, and treatment of HIV/AIDS.

CLASS qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and comparable Louisiana law, and contributions to it are tax deductible within the limitations prescribed by the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. In addition, the organization has been determined not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily or permanently restricted net assets at December 31, 1999.

**CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.**

DECEMBER 31, 1999

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

Property and equipment are stated at cost for assets purchased and at market value for assets acquired by gift. Depreciation is computed on the double - declining method over the estimated useful lives of the assets generally as follows:

Furniture and equipment

5-7 years

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

No amounts have been reflected in the financial statements for contributed services. CLASS pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist CLASS with specific assistance programs, solicitations, and various committee assignments.

Compensated Absences

Vacation and sick leave not used within the year do not accrue; therefore, no liability for compensated absences is reflected in the financial statements.

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 and disclosures of contingent 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.

**CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.**

DECEMBER 31, 1999

NOTES TO FINANCIAL STATEMENTS

Functional Allocation of Expenses

The costs of providing the various programs and other 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.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31, 1999:

Non-interest bearing checking accounts	\$ 25,816
Money market funds	<u>12,518</u>
	\$ 38,334

3. GRANTS RECEIVABLE

Grants receivable consisted of amounts due from the State of Louisiana Department of Health and Human Resources.

4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET</u>
Furniture and fixtures	\$ 13,203	\$ 5,976	\$ 7,227
Office equipment	<u>36,983</u>	<u>23,701</u>	<u>13,282</u>
	\$ 50,186	\$ 29,677	\$ 20,509

The depreciation provision for the year ended December 31, 1999, amounted to \$9,718.

5. LEASES

The Organization leases a building and land located in Alexandria, Louisiana, from an unrelated third party, under an operating lease expiring August 31, 2003. Under this lease, CLASS made rental payments amounting to \$15,600 for the year ended December 31, 1999, and the payments were comprised solely of minimum rentals.

**CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.**

DECEMBER 31, 1999

NOTES TO FINANCIAL STATEMENTS

Minimum future rental payments under the lease for the four years ending after December 31, 1999, are as follows:

2000	\$ 15,600
2001	15,600
2002	15,600
2003	<u>10,400</u>
	\$ 57,200

6. CONCENTRATIONS OF REVENUE AND SIGNIFICANT FUNDING SOURCE

CLASS receives the majority of its revenue from funds provided by the federal government and administered by the Louisiana Department of Health and Hospitals, Office of Public Health. The amount of funds received is appropriated each year by the government. If significant budget cuts are made, the amount of the funds that CLASS receives could be reduced significantly, resulting in an adverse impact on its operations. Management is not aware of any actions that would adversely affect the amount of funds the Organization will receive in the next year.

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the grants.

ADDITIONAL INFORMATION

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 1999

SCHEDULE 1

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ <u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY OR PASS-THROUGH GRANT NUMBER</u>	<u>AWARD AMOUNT</u>	<u>AMOUNT EXPENDED</u>
Department of Health and Human Resources				
Passed-through the State of Louisiana				
Department of Health and Hospitals,				
Office of Public Health				
HIV Care Formula Grants (Ryan White)	93.917	543333	\$221,800	\$ 62,403
4/1/98 - 3/31/99			241,311	<u>195,199</u>
4/1/99 - 3/31/00				257,602
HIV Prevention Activities - Health				
Department Based (HAP)	93.940	527735	95,500	97,526
1/1/99 - 12/31/99				
Maternal and Child Health Services				
Block Grant to the States	93.994	543248	60,500	1,764
3/1/98 - 2/28/99			60,500	<u>27,862</u>
3/1/99 - 2/28/00				<u>29,626</u>
Total Expenditures - Department of Health and Human Resources				384,754
Department of Housing and Urban Development				
Passed-through the State of Louisiana				
Department of Health and Hospitals,				
Office of Public Health				
Housing Opportunities for Persons With AIDS	14.241	516227	87,559	6,943
6/1/98 - 3/31/99			84,014	<u>84,241</u>
4/1/99 - 3/31/00				
Total Expenditures - Department of Housing and Urban Development				<u>91,184</u>
<u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u>				<u>\$ 475,938</u>

Notes:

Expenditures for the above grants are reported on the accrual basis of accounting. Note 1 to the financial statements provides additional information relative to the Organization's accounting policies.

No federal funds were awarded to subrecipients during the year ended December 31, 1999.

See independent auditor's report.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND OMB CIRCULAR A-133**

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



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors
Central Louisiana AIDS Support Service, Inc.

We have audited the financial statements of Central Louisiana AIDS Support Service, Inc. (a nonprofit organization) as of and for the year ended December 31, 1999, and have issued our report thereon dated May 12, 2000. 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 Organization'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*.

MARVIN A. JUNEAU, C.P.A.
H. FRED RANDOW, C.P.A.
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The Board of Directors
Central Louisiana AIDS Support Service, Inc.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization'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. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to *significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.* The reportable condition is described in the accompanying schedule of findings and questioned costs as Finding 99-01.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition *described above is not a material weakness.*

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Payne, Moore & Herrington, LLP
Certified Public Accountants

May 12, 2000

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



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors
Central Louisiana AIDS Support Service, Inc.

Compliance

We have audited the compliance of Central Louisiana AIDS Support Service, Inc. 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 its major federal program for the year ended December 31, 1999. The Organization's major federal program is 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 its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization'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 *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 Organization'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 Organization's compliance with those requirements.

MARVIN A. JUNEAU, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

The Board of Directors
Central Louisiana AIDS Support Service, Inc.

In our opinion, Central Louisiana AIDS Support Service, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of Central Louisiana AIDS Support Service, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization'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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Organization's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Finding 99-02.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and,



PAYNE, MOORE & HERRINGTON, LLP

The Board of Directors
Central Louisiana AIDS Support Service, Inc.

accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Payne, Moore & Herrington, LLP
Certified Public Accountants

May 12, 2000

**CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1999**

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	_____ Yes <u> x </u> No
Reportable condition(s) identified not considered to be material weaknesses?	<u> x </u> Yes _____ None reported
Noncompliance material to the financial statements noted?	_____ Yes <u> x </u> No
Prior year audit findings	Attached
Management's Corrective Action Plan	Attached

Federal Awards

Internal control over major program: Material weakness(es) identified?	_____ Yes <u> x </u> No
Reportable conditions(s) identified not considered to be material weaknesses?	<u> x </u> Yes _____ None reported
Type of auditor's report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes <u> x </u> No
Identification of major program:	
CFDA # 93.917 HIV Care Formula Grants (Ryan White)	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	_____ Yes <u> x </u> No

**CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1999**

**PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING STANDARDS***

FINDING 99-01- BONDED PERSONNEL

Criteria: Personnel in a position of trust should be adequately bonded.

Condition: Discussions with management and our analysis of insurance coverage revealed that employees in these types of positions are not bonded. This finding was reported as Finding 98-01 in the prior year report and remains unresolved.

Effect: Inadequately bonded employees who handle cash or have access to sensitive information may expose CLASS to misappropriation of funds.

Cause: CLASS management does not have coverage and has not required personnel in a position of trust to acquire coverage to protect CLASS against misappropriation of funds.

Recommendation: We recommend that employees who handle cash or have access to sensitive information be bonded in order to protect CLASS against misappropriation of funds.

Management's response: See management's corrective action plan.

**CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1999**

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING 99-02 - UNDERSTANDING OF GRANT PROVISIONS

Criteria: Management and staff responsible for administering and approving expenditures in accordance with grant provisions should possess a complete understanding of allowable expenses and compliance requirements.

Condition: Due to recent turnover, management and staff responsible for administering and approving expenditures related to the grants lack a comprehensive understanding of the grant provisions. Specifically, we noted the following instances of noncompliance, none of which are material:

- A. Payments made directly to clients
- B. Authorization for disallowed transportation needs
- C. Untimely submission of invoices for reimbursement

Effect: Without a complete understanding of grant provisions by management and staff, CLASS may fail to fully comply with such provisions.

Cause: Current management and staff have not thoroughly read all grant agreements or received any training on grant guidelines and compliance.

Recommendation: We recommend that management and staff read through and become familiar with all terms of the grant agreements to assure complete compliance. Items or conditions in question should be submitted to the State's grant administrator for a ruling prior to the occurrence of the transaction. It is recommended that written responses to interpretations be retained.

Management's Response: See Management's Corrective Action Plan.

**CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 1999**

Central Louisiana Aids Support Service, Inc. respectfully submits the following corrective action plan for the year ended December 31, 1999.

Independent Public Accounting Firm: Payne, Moore & Herrington, LLP
P.O. Box 13200
Alexandria, LA 71315-3200
(318) 443-1893

Audit Period: January 1, 1999 through December 31, 1999

Auditee Contact Person: Ann Lowrey
Executive Director
(318) 442-1010

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDING 99-01-BONDED PERSONNEL

Summary: The auditors recommend that personnel who handle cash or have access to sensitive information be bonded in order to protect CLASS against misappropriation of funds.

Response: Management agrees and has instructed persons not covered under the agency's Directors and Officers insurance to seek a bond immediately.

**CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 1999**

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

FINDING 99-02-UNDERSTANDING OF GRANT PROVISIONS

Summary: The auditors recommend that management and staff responsible for administering and authorizing expenditures related to grant agreements be thoroughly familiar with such provisions to ensure complete compliance.

Response: There has been a change in management and staff in the year 2000. Current Management agrees that it is important for management and staff responsible for administering and approving expenditures related to the grants to have a comprehensive knowledge of grant provisions. In that regard, current management and staff have read the terms of the grant agreement in order to assure compliance. Corrective measures as suggested by the auditor have been implemented in order to assure that terms and conditions are met. Grant conditions that allow for multiple interpretation will be submitted to the State's grant administration for a ruling prior to the occurrence of the transaction and written response to the interpretations will be maintained.

SCHEDULE OF PRIOR YEAR FINDINGS

**CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 1999**

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDING 98-01 Bonded personnel

Unresolved – See Finding 99-01

FINDING 98-02 Petty cash/change fund

Resolved - Petty cash/change fund closed

FINDING 98-03 Care coordinator training

Resolved

FINDING 98-04 Care coordinator education

Resolved - Copy of diploma or transcript maintained in personnel files

FINDING 98-05 Home visits

Resolved - Care coordinators currently schedule at least one home visit per client annually documenting such visits in client's file