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## **NO/AIDS TASK FORCE**

### **FINANCIAL STATEMENTS**

**JUNE 30, 1998**

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Release Date MAR 7 0 1999



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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, 1998 and 1997, 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, 1998 and 1997, 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 16, 1998, 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, 1998, 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.

*Legier & Materne, apac*

October 22, 1998

**NO/AIDS TASK FORCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>		
Cash	\$ 109,030	\$ 69,670
Reimbursements receivable	181,365	208,005
Unconditional promises to give (net of allowance of \$3,500)	4,911	12,618
Prepaid expenses	10,576	10,811
Certificates of deposit	30,000	30,220
Other current assets		18,400
Investments in marketable securities	16,694	10,756
Deposits	8,240	9,220
Equipment and leasehold improvements, less accumulated depreciation and amortization	115,652	148,534
<b>Total assets</b>	<u>\$ 476,468</u>	<u>\$ 518,234</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 50,177	\$ 99,146
Accrued expenses	83,956	83,949
Note payable	20,000	15,025
<b>Total liabilities</b>	<u>154,133</u>	<u>198,120</u>
Net Assets:		
Unrestricted	286,902	276,588
Temporarily restricted	35,433	43,526
<b>Total net assets</b>	<u>322,335</u>	<u>320,114</u>
<b>Total liabilities and net assets</b>	<u>\$ 476,468</u>	<u>\$ 518,234</u>

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

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

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT:</b>			
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>
<b>EXPENSES:</b>			
Program services	2,170,191		2,170,191
Support services	643,016		643,016
Total expenses	<u>2,813,207</u>		<u>2,813,207</u>
<b>ALLOCATIONS:</b>			
Allocations to other AIDS related agencies	<u>18,000</u>		<u>18,000</u>
<b>CHANGE IN NET ASSETS</b>	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 ACTIVITIES  
YEAR ENDED JUNE 30, 1997**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT:</b>			
Grants and contracts	\$ 1,897,200		\$ 1,897,200
Fund raising	641,081	\$ 3,000	644,081
Pledges	227,902	61,618	289,520
Other support and revenue	86,807		86,807
Net assets released from restrictions:			
Satisfaction of program restrictions	52,924	(52,924)	
Total public support and revenue	<u>2,905,914</u>	<u>11,694</u>	<u>2,917,608</u>
<b>EXPENSES:</b>			
Program services	2,316,967		2,316,967
Support services	702,099		702,099
Total expenses	<u>3,019,066</u>		<u>3,019,066</u>
<b>ALLOCATIONS:</b>			
Allocations to other AIDS related agencies	<u>20,000</u>		<u>20,000</u>
<b>CHANGE IN NET ASSETS</b>	(133,152)	11,694	(121,458)
Net assets, beginning of year	<u>409,740</u>	<u>31,832</u>	<u>441,572</u>
Net assets, end of year	<u>\$ 276,588</u>	<u>\$ 43,526</u>	<u>\$ 320,114</u>

*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							
	Education	Primary Medical Care	Case Management	Mental Health	Volunteer	Food for Friends	Benefits Assistance	Community Medication
Salaries	\$ 138,969	\$ 78,908	\$ 396,245	\$ 133,538	\$ 138,844	\$ 144,734	\$ 46,152	
Employee health and retirement benefits	28,205	11,358	59,439	15,306	19,944	22,202	5,035	
Payroll taxes	11,141	5,953	30,033	10,302	10,376	10,574	3,358	
Total salaries and related expenses	178,315	96,219	485,717	159,146	169,164	177,510	54,545	
Fees and contract expenses	1,695	1,616	2,820	10,537	1,380	1,185	540	
Supplies and materials	19,095	8,841	6,370	1,347	2,154	413,196	702	
Telephone	1,727	488	7,490	1,442	13,469	4,701	766	
Postage	2,168	1,766	2,821	1,886	2,130	2,046	1,686	
Occupancy	12,445	5,177	29,667	8,958	10,147	20,987	3,759	
Equipment costs	3,971	2,562	9,556	3,268	3,390	6,221	1,335	
Transportation	3,053	781	13,438	3,119	1,919	3,743	406	
Conference	532	1,009	21		661			
Printing and media	10,148	3,674	10,624	4,501	8,548	4,842	1,184	
Medication, rent and utility assistance			23,497					\$ 321
Insurance	2,693	1,154	8,349	3,247	2,424	3,501	808	
Lab tests		38,299						
Advertising and promotion	1,000	2,089	175		412		175	
Site expenses								
Entertainment and volunteer recognition					7,530			
Continuing education	(4)	141	1,488	520	125	297		
Miscellaneous			800		372	1,252		
Total expenses before depreciation & interest	236,838	163,816	602,833	197,971	223,825	639,481	65,906	321
Depreciation and amortization	4,840	1,936	15,002	5,323	4,356	6,291	1,452	
Interest								
Total expenses	\$ 241,678	\$ 165,752	\$ 617,835	\$ 203,294	\$ 228,181	\$ 645,772	\$ 67,358	\$ 321



		Supporting Services			
Community Medication	Total	Management and General	Fund Raising	Total	Total Expenses
	\$ 1,077,390	\$ 204,100	\$ 101,217	\$ 305,317	\$ 1,382,707
	161,489	30,298	14,568	44,866	206,355
	81,737	15,070	7,557	22,627	104,364
	<u>1,320,616</u>	<u>249,468</u>	<u>123,342</u>	<u>372,810</u>	<u>1,693,426</u>
	19,773	15,746	9,175	24,921	44,694
	451,705	2,770	47,495	50,265	501,970
	30,083	3,821	2,595	6,416	36,499
	14,503	2,128	6,334	8,462	22,965
	91,140	10,596	5,440	16,036	107,176
	30,303	4,961	1,392	6,353	36,656
	26,459	10,291	233	10,524	36,983
	2,223	153		153	2,376
	43,521	21,351	34,376	55,727	99,248
\$ 321	23,818				23,818
	22,176	3,374	2,155	5,529	27,705
	38,299				38,299
	3,851	891	25,319	26,210	30,061
			19,720	19,720	19,720
	7,530	1,020	6,915	7,935	15,465
	2,567	2,881	1,976	4,857	7,424
	2,424	400	16,434	16,834	19,258
	<u>2,130,991</u>	<u>329,851</u>	<u>302,901</u>	<u>632,752</u>	<u>2,763,743</u>
	39,200	5,323	3,872	9,195	48,395
		1,069			
<u>\$ 321</u>	<u>\$ 2,170,191</u>	<u>\$ 336,243</u>	<u>\$ 306,773</u>	<u>\$ 643,016</u>	<u>\$ 2,813,207</u>

NO/AIDS TASK FORCE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 1997

	Program Services							
	Education	Primary Medical Care	Case Management	Mental Health	Volunteer	Food for Friends	Benefits Assistance	
Salaries	\$ 217,225	\$ 74,523	\$ 383,043	\$ 80,678	\$ 151,208	\$ 141,836	\$ 95,352	
Employee health and retirement benefits	32,271	10,847	51,619	9,681	21,347	19,208	18,629	
Payroll taxes	16,273	5,095	28,707	5,360	11,418	10,450	7,219	
Total salaries and related expenses	265,769	90,465	463,369	95,719	183,973	171,494	121,200	
Fees and contract expenses	1,705	32,744	2,307	8,541	1,404	1,103	902	
Supplies and materials	18,035	1,438	8,338	937	5,144	298,221	1,574	
Telephone	3,884	336	5,099	1,446	8,704	3,525	1,232	
Postage	4,695	1,340	6,702	1,072	4,636	2,949	2,592	
Occupancy	26,586	4,132	20,878	4,473	13,033	19,473	8,425	
Equipment costs	4,817	1,903	6,872	1,692	5,293	7,087	2,636	
Transportation	3,320	644	10,089	2,292	1,395	3,333	528	
Conference	3,867	1,790	82	6	3,318			
Printing and media	27,349	6,347	29,027	6,517	17,468	14,952	8,378	
Medication, rent and utility assistance			9,036				5,599	\$ 923
Insurance	3,519	10,779	7,214	1,120	7,573	2,300	2,090	
Lab tests		99,904						
Advertising and promotion	1,338	5,505	747	184	591	506		
Site expenses								
Entertainment and volunteer recognition					7,997			
Continuing education	4,268	50	5,667	147	1,623			
Miscellaneous	386	225			333			
Total expenses before depreciation & interest	369,538	257,602	575,427	124,146	262,485	524,943	155,156	923
Depreciation and amortization	9,241	2,718	13,589	2,174	7,610	5,979	5,436	
Interest								
Total expenses	\$ 378,779	\$ 260,320	\$ 589,016	\$ 126,320	\$ 270,095	\$ 530,922	\$160,592	\$ 923

Community Medication	Total	Supporting Services			Total Expenses
		Management and General	Fund Raising	Total	
	\$ 1,143,865	\$ 188,686	\$ 86,859	\$ 275,545	\$ 1,419,410
	163,602	40,256	10,272	50,528	214,130
	<u>84,522</u>	<u>13,757</u>	<u>6,386</u>	<u>20,143</u>	<u>104,665</u>
	1,391,989	242,699	103,517	346,216	1,738,205
	48,706	49,495	15,058	64,553	113,259
	333,687	12,087	81,787	93,874	427,561
	24,226	3,204	4,629	7,833	32,059
	23,986	3,277	8,865	12,142	36,128
	97,000	11,513	4,368	15,881	112,881
	30,300	9,744	1,385	11,129	41,429
	21,601	8,911	502	9,413	31,014
	9,063	579	742	1,321	10,384
	110,038	24,429	40,097	64,526	174,564
\$ 923	15,558				15,558
	34,595	2,783	1,523	4,306	38,901
	99,904				99,904
	8,871	18,958	6,433	25,391	34,262
			21,299	21,299	21,299
	7,997	4,177	377	4,554	12,551
	11,755	1,464	1,259	2,723	14,478
	944	2,015	7,644	9,659	10,603
923	<u>2,270,220</u>	<u>395,335</u>	<u>299,485</u>	<u>694,820</u>	<u>2,965,040</u>
	46,747	3,473	3,806	7,279	54,026
<u>\$ 923</u>	<u>\$ 2,316,967</u>	<u>\$ 398,808</u>	<u>\$ 303,291</u>	<u>\$ 702,099</u>	<u>\$ 3,019,066</u>

**NO/AIDS TASK FORCE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,221	\$ (121,458)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	48,395	54,026
Donated assets	(600)	(8,400)
Donated investments	(3,864)	(10,756)
Loss on disposition of equipment	-	3,705
Non cash income	(1,854)	
Changes in assets and liabilities:		
Reimbursements receivable	26,640	27,260
Unconditional promises to give	7,707	(12,618)
Prepaid expenses	235	(779)
Other current assets	18,400	
Deposits	980	176
Trade accounts payable	(48,969)	49,224
Accrued expenses	7	12,250
Net cash provided by (used in) operating activities	<u>49,298</u>	<u>(7,370)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment and leasehold improvements	<u>(14,913)</u>	<u>(51,313)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	20,000	15,025
Payments on note payable	(15,025)	-
Net cash provided by financing activities	<u>4,975</u>	<u>15,025</u>
Increase (decrease) in cash	39,360	(43,658)
Cash at beginning of year	69,670	113,328
Cash at end of year	<u>\$ 109,030</u>	<u>\$ 69,670</u>
Supplemental Disclosures:		
Interest paid	<u>\$ 1,069</u>	
Non-cash Investing Activity:		
During fiscal 1998 and 1997, a certificate of deposit in the amount of \$30,000 matured and was renewed for this same amount.		

*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.

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 1998 and 1997, 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, 1998 and 1997, were \$20,440 and \$44,200, respectively, and are reflected in these financial statements as other support and revenue and support service expenses.

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

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

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.

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 statement of functional expenses. In preparing this statement, 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.

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 year.

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.

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.



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

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

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.

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 \$85,000 at June 30, 1998.

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 1998 and 1997, government grants represent approximately 71% and 65%, respectively, of the Task Force's total support and revenue. In addition, approximately the entire balance of reimbursements receivable is comprised of government grants.

Reclassifications

Certain amounts in the 1997 financial statements have been reclassified in order to conform to the classifications adopted for reporting in 1998.

**NOTE 2 - RESTRICTIONS ON NET ASSETS**

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

	<u>1998</u>	<u>1997</u>
Community medication funds	\$30,522	\$30,908
Periods after June 30, 1998	<u>4,911</u>	<u>12,618</u>
	<u>\$35,433</u>	<u>\$43,526</u>

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

**NOTE 3 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

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

	<u>1997</u>	<u>1996</u>
Computer equipment and software	\$202,088	\$194,325
Furniture and fixtures	70,694	72,531
Leasehold improvements	<u>129,919</u>	<u>129,919</u>
	402,701	396,775
Less - Accumulated depreciation and amortization	<u>(287,049)</u>	<u>(248,241)</u>
	<u>\$115,652</u>	<u>\$148,534</u>

**NOTE 4 - OPERATING LEASES**

The Task Force leases its administrative and operational facility under an operating lease that provides for monthly rentals of \$5,200. In addition, the Task Force leases a facility for program activities for \$400 per month. Both leases were extended on a month to month basis after their expirations during fiscal year 1998. In September 1998, the Task Force signed a lease for a new location for its administrative and operational facility. The three year lease commences January 1, 1999 and has monthly payments of \$6,517.

Rental expense relating to these leases was \$67,200 and \$70,800 for the years ended June 30, 1998 and 1997, respectively.

**NOTE 5 - NOTES PAYABLE**

As of June 30, 1998 and 1997, the Task Force had notes payable to a financial institution. The notes required monthly interest payments charged at annual rates of 8.5% in 1998 and 7.696% in 1997, and were collateralized by certificates 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, 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 matures in March, 1999. At June 30, 1998, there were no outstanding borrowings under this line.

**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 the employees' current gross eligible compensation. Contributions to the plan totaled \$23,034 and \$24,332 for the years ended June 30, 1998 and 1997, respectively.

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

**NOTE 7 – ALLOCATION OF JOINT COSTS**

During fiscal 1998 and 1997, 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>1998</u>	<u>1997</u>
Fund Raising	\$ 5,100	\$ 5,500
Program services:		
Education	6,100	13,200
Primary Medical Care	3,600	3,900
Case Management	12,200	19,500
Mental Health	6,200	3,100
Volunteer	5,600	10,900
Food for Friends	6,800	8,600
Benefits Assistance	2,800	7,800
Management and General	<u>6,000</u>	<u>5,500</u>
 Total	 <u>\$54,400</u>	 <u>\$78,000</u>

**NO/AIDS TASK FORCE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 1998**

Grantor/Pass Through Grantor/Program Title	CFDA Number	Disbursements/ Expenditures
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> 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	\$ 1,232,064
<u>Louisiana Department of Health and Hospitals</u>  Office of Public Health - HIV/AIDS Services Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	230,883
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> 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	294,101
<b>TOTAL FEDERAL AWARDS</b>		\$ 1,757,048

**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, 1998 and have issued our report thereon dated October 22, 1998. 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 an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 1998-1. We also noted certain immaterial instances of noncompliance, which we have reported to management of the NO/AIDS Task Force in a separate letter dated October 22, 1998.

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 22, 1998.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Legier & Materne, apac*

October 22, 1998



**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

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*Legier & Materne, apac*

October 22, 1998

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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, 1998. 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, 1998.

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 for the information of the finance committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Legier & Materne, apac*

October 22, 1998

**NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1998**

**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

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1998**

We have audited the financial statements of the NO/AIDS Task Force as of and for the year ended June 30, 1998, and have issued our report thereon dated October 22, 1998. We conducted our audit 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 the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 1998 resulted in an unqualified opinion.

**Section I - Summary of Auditors' Reports**

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

Internal control:

- Material weaknesses  yes  no
  - Reportable conditions  yes  no
- Noncompliance material to financial statements  yes  no

*b. Federal Awards*

Internal control over major programs:

- Material weaknesses  yes  no
  - Reportable conditions  yes  no
- Type of opinion on compliance for major programs: *Unqualified*
- Are there findings required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

*c. 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

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?  yes  no



**NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1998**

**Section II – Financial Statement Findings**

1998-1: UNTIMELY FILING OF REPORT

**Criteria:** Louisiana Revised Statute 24:513 requires that the audit be completed within six months of the close of the entity's fiscal year.

**Condition:** The auditors' reports for the audit of NO/AIDS Task Force for the fiscal year ended June 30, 1998 were not issued by the six-month statutory deadline.

**Questioned Costs:** No questioned costs were identified related to this requirement.

**Context:** The audit was completed in October, 1998, and the financial statements and auditors' reports were reviewed with the Task Force's Board of Directors at a meeting on November 16, 1998, at which meeting the statements and reports were approved by the Board for issuance upon finalization of certain minor open items. The Task Force's past audits have all been issued on a timely basis.

**Effect:** The auditors' reports were not issued by the six-month statutory deadline.

**Cause:** Due to the move of the Task Force's headquarters to a new location and certain other administrative matters, the aforementioned open items were overlooked and not finalized until early January, 1999, at which time the reports were issued.

**Recommendation:** We recommend that, in the future, priority be given to the completion of the annual audit by the statutory deadline, and that all necessary steps be taken to avoid untimely filings, including follow-up reports to the Board as to the status of any open items.

**Management's Response:** We agree with the above recommendations and will take all necessary steps to meet this deadline in the future.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**NO/AIDS TASK FORCE**

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**REPORT TO MANAGEMENT**

**JUNE 30, 1998**







October 22, 1998

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, 1998, we considered the Task Force's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of this consideration, we developed the following observations and recommendations concerning certain internal control structure 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 98-1

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

##### Recommendation

When purchases of goods are necessary, the food bank staff should fill out a two-part purchase order. One copy of the purchase order should be forwarded to accounting so that cash needs can be budgeted for and the other copy should be retained at the food bank. When the goods are received, food bank staff should forward to accounting a copy of the purchase order indicating the goods were received and/or a receiving report (vendor dray ticket). Accounting should hold all supporting documentation until an invoice is received from the vendor. No disbursements should be made until the accounting department has supporting documentation that the goods being paid for were actually received.

Management's Response

The Task Force has a policy of attaching invoices to purchase orders and receiving slips prior to payment. We will enforce such policy by not paying invoices without proper supporting documentation. Additionally, we have again informed the staff of the importance of attaching proper documentation to all requests for payments.

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 differed.

Recommendation

Requests for reimbursement on the monthly cost control statements should be supported by actual amounts expended during the period.

Management's Response

Error was caused by simply duplicating the first payroll period of the month to arrive at total monthly salary. As most employees are salaried this would normally result in accurate totals. An adjustment was made in subsequent billings to correct error. In the future we will detail each individual's pay on our billing spreadsheet and agree the amounts to respective payroll register. This would insure that this type of error will not occur in the future.

\*\*\*\*\*

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,

*Legier & Materne, apac*

**NO/AIDS Task Force  
Summary Schedule of Prior Year Findings  
June 30, 1998**

Management Letter Comments

Observation 97-1

One disbursement selected for testing was remitted to the incorrect vendor.

Corrective Action

Corrective action was taken.

Observation 97-2

Several immaterial discrepancies between the general ledger and supporting details were noted.

Corrective Action

Corrective action was taken.

Observation 97-3

Documentation of the balance in the credit card account was not maintained.

Corrective Action

Corrective action was taken.

Observation 97-4

Two equipment purchases selected for testing were not supported by written bids.

Corrective Action

Corrective action was taken.

Observation 97-5

Task Force was informed of additional compliance requirements.

Corrective Action

New form developed and approved to document compliance with requirements.

Observation 97-6

Donated materials and services were not being recorded throughout the year.

Corrective Action

Corrective action was taken.

Observation 97-7

Unconditional promises to give were not recorded during the year.

Corrective Action

Corrective action was taken.