

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.

ALEXANDRIA, LOUISIANA

DECEMBER 31, 1998

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Release Date 3/11/2000

PMH

PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.

DECEMBER 31, 1998

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PAYNE, MOORE & HERRINGTON, LLP

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INDEPENDENT AUDITOR'S REPORT

To 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, 1998, 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, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As described in Note 1, the beginning balance of net assets for 1998 has been restated to correct an error in recording property and equipment.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 1999, 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.

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

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 11, 1999

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1998

EXHIBIT A

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$148,141
Accounts receivable	27,335
Grants receivable	54,566
Prepaid expenses	<u>2,069</u>
Total Current Assets	232,111
FIXED ASSETS	
Property and equipment - net of depreciation	27,145
OTHER ASSETS	
Deposits	<u>1,496</u>
<u>TOTAL ASSETS</u>	<u>\$260,752</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Payroll taxes and other employee withholdings	\$ 1,561
NET ASSETS	
Unrestricted	247,690
Temporarily restricted	<u>11,501</u>
Total Net Assets	<u>259,191</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$260,752</u>

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

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 1998

EXHIBIT B

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Federal grants	\$	\$ 412,891	\$412,891
Other grants		7,512	7,512
Interest	539		539
Contributions	27,760		27,760
Fundraising	11,095		11,095
Miscellaneous	8,639		8,639
Net assets released from restrictions	<u>444,385</u>	<u>(444,385)</u>	<u>-0-</u>
Total Revenues, Gains, and Other Support	492,418	(23,982)	468,436
EXPENSES			
Federal grants			
HIV Care Formula grants	225,615		225,615
HIV Prevention Activities	101,456		101,456
Maternal and Child Health Services	44,489		44,489
Housing Opportunities for Persons with AIDS	49,197		49,197
Other grants			
Huey P. Long	15,652		15,652
PATH - Homeless Day Shelter	7,976		7,976
General and Administrative	22,205		22,205
Fundraising	<u>23,251</u>		<u>23,251</u>
Total Expenses	<u>489,841</u>	<u>-0-</u>	<u>489,841</u>
CHANGE IN NET ASSETS	2,577	(23,982)	(21,405)
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	255,593	35,483	291,076
PRIOR PERIOD ADJUSTMENT - ERROR IN RECORDING PROPERTY AND EQUIPMENT	<u>(10,480)</u>	_____	<u>(10,480)</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>245,113</u>	<u>35,483</u>	<u>280,596</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$247,690</u>	<u>\$ 11,501</u>	<u>\$259,191</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, 1998

EXHIBIT C
(Continued)

	HIV CARE FORMULA GRANTS	HIV PREVENTION ACTIVITIES	MATERNAL AND CHILD HEALTH SERVICES	HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS
	\$	\$	\$	\$
Advertising and promotion		404		
Bank charges	134			
Board development				
CAC	2,921			
Child care	117			
Client events				
Daily activities				
Dental	4,676			
Depreciation	7,866			
Direct assistance - rents/housing				49,197
Door prizes				
Dues and subscriptions	10			
Education/professional development	55	824		
Emergency rent	1,159			
Eye care	490			
Food	11,652			
Insurance	5,132	862		
Legal and other professional	8,450	1,800		
Janitorial	2,713			
Medication	31,469			
Meeting expense	3,771			
Miscellaneous	3,166			
Office and other supplies	3,122	2,106		
Payroll tax and other employee expenses	8,941	5,794		
Pest control/lawn	410	10		
Postage	899	1,260		
Printing	991	1,381		
Private fund distribution				
Rent expense - building	7,155	6,158		
Repairs and maintenance	2,281	699		
Salaries, wages, and contract labor	93,073	64,642	44,489	
Security	394			
Telephone/answering service/pagers	3,705	3,775		
Transportation	6,302			
Travel		3,583		
Utility/rent assistance	11,352			
Utilities/water	2,799	1,865		
Workshops/conference	410	6,293		
	<u>\$225,615</u>	<u>\$101,456</u>	<u>\$44,489</u>	<u>\$49,197</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, 1998

EXHIBIT C
(Concluded)

	HUEY P. LONG	PATH-HOMELESS DAY SHELTER	GENERAL	FUNDRAISING	TOTAL
Advertising and promotion	\$	\$	\$ 604	\$	\$ 1,008
Bank charges					134
Board development			1,432		1,432
CAC					2,921
Child care					117
Client events	1,481				1,481
Daily activities	773				773
Dental					4,676
Depreciation					7,866
Direct assistance - rents/housing					49,197
Door prizes				647	647
Dues and subscriptions			1,535		1,545
Education/professional development			523		1,402
Emergency rent					1,159
Eye care					490
Food					11,652
Insurance	380		272		6,646
Legal and other professional					10,250
Janitorial			59		2,772
Medication					31,469
Meeting expense					3,771
Miscellaneous	76		2,424	5,543	11,209
Office and other supplies	1,906		342	119	7,595
Payroll tax and other employee expenses	650	619	1,203		17,207
Pest control/lawn					420
Postage			5	320	2,484
Printing				1,217	3,589
Private fund distribution	3,178			12,055	15,233
Rent expense - building	433		998	1,000	15,744
Repairs and maintenance		633	874		4,487
Salaries, wages, and contract labor	6,726	6,685	10,948	2,350	228,913
Security			15		409
Telephone/answering service/pagers		6	971		8,457
Transportation					6,302
Travel	49	33			3,665
Utility/rent assistance					11,352
Utilities/water					4,664
Workshops/conference					6,703
	<u>\$15,652</u>	<u>\$7,976</u>	<u>\$22,205</u>	<u>\$23,251</u>	<u>\$489,841</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, 1998

EXHIBIT D

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$(21,405)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	7,866
Loss on sale of property and equipment	63
Changes in operating assets and liabilities:	
Accounts receivable	19,804
Prepaid expenses	(2,069)
Accounts payable	(13,743)
Other liabilities	<u>124</u>
NET CASH USED IN OPERATING ACTIVITIES	(9,360)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of property and equipment	300
Purchase of property and equipment	(27,515)
Deposits made	<u>(1,000)</u>
NET CASH USED IN INVESTING ACTIVITIES	(28,215)
CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>-0-</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(37,575)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>185,716</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$148,141</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 expense was paid for the year ended December 31, 1998.
3. No income taxes were paid for the year ended December 31, 1998.
4. There were no material noncash investing or financing transactions during 1998 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, 1998

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.

Accounts Receivable

Accounts receivable are charged to expense when they become uncollectible. In the opinion of management, all receivables at December 31, 1998, were collectible, and an allowance for doubtful accounts was not considered necessary.

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.

DECEMBER 31, 1998

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
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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

CLASS receives donated services from a variety of unpaid volunteers assisting in the Organization's mission. For services not requiring specialized skills, no amounts have been reflected in the financial statements. For services requiring specialized skills, amounts are recognized in the accompanying financial statements. The total amount of contributed services recognized during 1998 total \$5,014.

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, 1998

NOTES TO FINANCIAL STATEMENTS

Prior Period Adjustment

During the current year, certain prior period errors were discovered which caused an overstatement of property and equipment-net as reported on the Statement of Financial Position for the year ended December 31, 1997. Accordingly, the accounts have been corrected and a prior period adjustment, in the amount of \$10,480, has been made to the net assets - unrestricted as of January 1, 1998, to restate and correct the beginning balance as of January 1, 1998.

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, 1998:

On hand	\$ 1,375
Non-interest bearing checking accounts	134,811
Money market funds	<u>11,955</u>
	\$148,141

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 1998:

Due from Community Mental Health - Corporate dissolution	\$24,221
Other	<u>3,114</u>
	\$27,335

4. GRANTS RECEIVABLE

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

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.

DECEMBER 31, 1998

NOTES TO FINANCIAL STATEMENTS

5. 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	\$12,429	\$ 3,240	\$ 9,189
Office equipment	<u>36,891</u>	<u>18,935</u>	<u>17,956</u>
	\$49,320	\$22,175	\$27,145

The depreciation provision for the year ended December 31, 1998, amounted to \$7,866.

6. 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 \$5,200 for the year ended December 31, 1998, and the payments were comprised solely of minimum rentals.

Minimum future rental payments under the lease for the five years ending after December 31, 1998, are as follows:

1999	\$15,600
2000	15,600
2001	15,600
2002	15,600
2003	<u>10,400</u>
	\$72,800

7. 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.

CENTRAL LOUISIANA AIDS
SUPPORT SERVICE, INC.

DECEMBER 31, 1998

NOTES TO FINANCIAL STATEMENTS

8. 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. Temporarily restricted net assets at December 31, 1998 are available for services and education in connection with the prevention, research, diagnosis, and treatment of HIV/AIDS.

9. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

CLASS maintained cash balances at a financial institution located in Alexandria, Louisiana, during the current year. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The cash balance at risk at December 31, 1998, amounted to \$38,604.

ADDITIONAL INFORMATION

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 1998

SCHEDULE 1

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH GRANT NUMBER	AWARD AMOUNT	AMOUNT EXPENDED
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) 4/1/97 - 3/31/98 4/1/98 - 3/31/99	93.917	531111	\$205,399 221,800	\$ 58,156 <u>159,593</u> 217,749
HIV Prevention Activities - Health Department Based (HAP) 1/1/98 - 12/31/98 1/1/99 - 12/31/99	93.940	527358	103,004 104,004	101,456 <u>-0-</u> 101,456
Maternal and Child Health Services Block Grant to the States 3/1/97 - 2/28/98 3/1/98 - 2/28/99	93.994	528869	60,500 60,500	7,038 <u>37,451</u> 44,489
Total Expenditures - Department of Health and Human Resources				\$363,694
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 6/1/97 - 5/31/98 6/1/98 - 5/31/99	14.241	516227	21,276 30,871	13,129 <u>36,068</u> 49,197
Total Expenditures - Department of Housing and Urban Development				<u>\$412,891</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, 1998.

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**

To 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, 1998, and have issued our report thereon dated May 11, 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 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*.

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 certain matters involving the internal control over financial reporting and its operations 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 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 conditions are described in the accompanying schedule of findings and questioned costs as Findings 98-01 through 98-02.

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PAYNE, MOORE & HERRINGTON, LLP

Board of Directors
Central Louisiana AIDS Support Service, Inc.

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 none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Payne, Moore & Herrington, LLP
Certified Public Accountants

May 11, 1999

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

To 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, 1998. 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. ROBERT L. LITTON, C.P.A. REBECCA B. MORRIS, C.P.A. H. FRED RANDOW, C.P.A. ROBERT W. DYORAK, C.P.A. MICHAEL A. JUNEAU, C.P.A. ERNEST F. SASSER, C.P.A. DACE P. DE SELLE, C.P.A. L. PAUL HODD, C.P.A.



PAYNE, MOORE & HERRINGTON, LLP

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, 1998. However, the results of our auditing procedures also disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 98-03.

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. These reportable conditions are described in the accompanying schedule of findings and questioned costs as Findings 98-04 through 98-05.

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 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.



PAYNE, MOORE & HERRINGTON, LLP

Board of Directors
Central Louisiana AIDS Support Service, Inc.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Payne, Moore & Herrington, LLP
Certified Public Accountants

May 11, 1999

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1998

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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Reportable condition(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Prior year audit findings	Attached
Management's Corrective Action Plan	Attached

Federal Awards

Internal control over major program: Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Reportable conditions(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1998

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

FINDING 98-01

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.

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.

FINDING 98-02

PETTY CASH/CHANGE FUNDS

Criteria: Petty cash should be maintained at a normal balance to meet operating needs of the Organization.

Condition: Our audit procedures revealed a check was written in the amount of \$1,300 to establish a change fund for a fundraising event. Subsequent to the event, the change fund was never restored to the checking account and the \$1,300 was kept in a file drawer for seven months.

Recommendation: The Organization should establish a petty cash fund for \$50 to make miscellaneous office purchases. In the event a change fund is required for a fundraising activity, the change fund should be deposited into the Organization's checking account on the next banking day.

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, 1998

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING 98-03

CARE COORDINATOR TRAINING

Criteria: Individual care coordinators must complete a minimum of sixteen hours HIV specific training within the first six months of employment with the provider agency.

Condition: Our tests of grant requirements to participate and discussions with management revealed that the required training had not been completed within the time period stated.

Recommendation: We recommend that management schedule these training courses as soon as possible.

Management's response:

See management's corrective action plan.

FINDING 98-04

CARE COORDINATOR EDUCATION

Criteria: Individual care coordinators must have at the minimum a baccalaureate degree in a human service related field from an accredited institution.

Condition: Our tests of grant requirements to participate revealed that adequate documentation to corroborate the degrees of the coordinators was not maintained in their personnel files.

Recommendations: We recommend that management maintain copies of diplomas, transcripts, or other documentation in personnel files to verify that the employee has the appropriate educational background to be employed as a care coordinator.

Management's response:

See management's corrective action plan.

FINDING 98-05

HOME VISITS

Criteria: Care coordination shall provide for a minimum of one home visit per client per year.

Condition: Our tests of services provided revealed that adequate documentation was not maintained in the client files and case notes verifying that home visits were being performed.

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1998

Recommendation: We recommend that management maintain adequate supporting information documenting that home visits to clients during the year are being performed.

Management's response:

See management's corrective action plan.

**CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 1998**

Central Louisiana Aids Support Service, Inc. respectfully submits the following corrective action plan for the year ended December 31, 1998.

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

Audit Period: January 1, 1998 through December 31, 1998

Auditee Contact Person: Scott L. Miller
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 98-01

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.

FINDING 98-02

PETTY CASH/CHANGE FUNDS

Summary: The auditors recommend that a petty cash fund be established to make miscellaneous office purchases. Also, in the event a change fund is required for a fundraising activity, the change fund should be deposited into the Organization's checking account on the next banking day.

Response: Management fully agrees with the auditor's recommendation.

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 1998

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

FINDING 98-03

CARE COORDINATOR TRAINING

Summary: The auditors recommend that management schedule care coordinator HIV training courses for individual care coordinators within the first six months of employment with the agency.

Response: Management makes every attempt to schedule state approved and provided training within the first 6 months of employment. However, the state has not offered training on a regular basis due to reorganization on the state level.

FINDING 98-04

CARE COORDINATOR EDUCATION

Summary: The auditors recommend that management maintain copies of diplomas, transcripts, or other documentation in personnel files to verify that an employee has the appropriate education background to be employed as a care coordinator.

Response: Management has verified educational transcripts upon employment of persons. However, copies were not retained. Management has requested copies from employees and in the future will request copies before the first day of employment.

FINDING 98-05

HOME VISITS

Summary: The auditors recommend that management maintain adequate information documenting that one home visit per client per year is being performed.

Response: Management is currently working with three HIV/AIDS providers around the state to develop criteria and documentation standards for home visits. These will be filed in the client charts in a separate category for easy identification.

SCHEDULE OF PRIOR YEAR FINDINGS

CENTRAL LOUISIANA AIDS SUPPORT SERVICE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 1998

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDING 97-01 Cash advance with no supporting documentation

Resolved - Cancelled all credit cards