
NO/AIDS TASK FORCE
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011



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NO/AIDS TASK FORCE
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

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, 2012 and 2011, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Task Force's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012, on our consideration of the Task Force's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
December 20, 2012

NO/AIDS TASK FORCE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 2,631,464	\$ 2,540,783
Reimbursements receivable	4,855,167	2,674,791
Prepaid expenses	14,815	17,539
Deposits	12,950	12,950
Investments	1,354,007	949,548
Equipment and leasehold improvements, less accumulated depreciation and amortization	<u>938,242</u>	<u>1,037,227</u>
<u>TOTAL ASSETS</u>	<u>\$ 9,806,645</u>	<u>\$ 7,232,838</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>		
Accounts payable	\$ 1,656,352	\$ 1,717,082
Accrued payroll	278,272	213,702
Accrued compensated absences	219,773	201,738
Reimbursable advance	-	54,092
Capital lease obligations	5,287	19,805
Notes payable	108,436	141,984
Total liabilities	<u>2,268,120</u>	<u>2,348,403</u>
<u>NET ASSETS</u>		
Unrestricted	7,535,245	4,884,435
Temporarily restricted	<u>3,280</u>	<u>-</u>
Total net assets	<u>7,538,525</u>	<u>4,884,435</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 9,806,645</u>	<u>\$ 7,232,838</u>

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Grants and contracts	\$ 19,843,986	\$ -	\$ 19,843,986
Pledges and contributions	397,239	-	397,239
Fund raising	424,690	3,280	427,970
Other support and revenue	71,152	-	71,152
Total public support and revenue	<u>20,737,067</u>	<u>3,280</u>	<u>20,740,347</u>
<u>EXPENSES</u>			
Program services	16,289,839	-	16,289,839
Support services	1,661,218	-	1,661,218
Total expenses	<u>17,951,057</u>	<u>-</u>	<u>17,951,057</u>
<u>OTHER</u>			
Loss on disposal of assets	143,983	-	143,983
Total other	<u>143,983</u>	<u>-</u>	<u>143,983</u>
<u>CHANGE IN NET ASSETS</u>	2,642,027	3,280	2,645,307
Net assets, beginning of year	4,884,435	-	4,884,435
Merger of AIDS Law	<u>8,783</u>	<u>-</u>	<u>8,783</u>
Net assets, end of year	<u>\$ 7,535,245</u>	<u>\$ 3,280</u>	<u>\$ 7,538,525</u>

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Grants and contracts	\$ 14,205,259	\$ -	\$ 14,205,259
Pledges and contributions	397,109	-	397,109
Fund raising	358,138	-	358,138
Other support and revenue	178,894	-	178,894
Total public support and revenue	<u>15,139,400</u>	<u>-</u>	<u>15,139,400</u>
<u>EXPENSES</u>			
Program services	12,951,153	-	12,951,153
Support services	1,477,558	-	1,477,558
Total expenses	<u>14,428,711</u>	<u>-</u>	<u>14,428,711</u>
<u>CHANGE IN NET ASSETS</u>	710,689	-	710,689
Net assets, beginning of year	<u>4,173,746</u>	<u>-</u>	<u>4,173,746</u>
Net assets, end of year	<u>\$ 4,884,435</u>	<u>\$ -</u>	<u>\$ 4,884,435</u>

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012**

	Program Services										Supporting Services			Total Expenses
	Education	Primary Medical Care	Case Management	Behavioral Health	Food for Friends	Housing	Housing Supportive Services	Medication	AIDS/Law	Total	Management and General	Fund Raising	Total	
Salaries	\$ 796,769	\$ 1,215,337	\$ 726,184	\$ 383,836	\$ 75,192	\$ 323,800	\$ 1,258,566	\$ 113,516	\$ 196,983	\$ 5,090,183	\$ 741,238	\$ 165,203	\$ 906,441	\$ 5,996,624
Employee health and benefits	215,516	196,381	189,802	86,560	18,111	53,609	272,898	31,259	46,037	1,110,173	125,152	40,997	166,149	1,276,322
Payroll taxes	59,749	89,765	55,286	29,490	5,752	23,841	96,230	8,684	17,917	386,714	48,403	12,638	61,041	447,755
Total salaries and related expenses	1,072,034	1,501,483	971,272	499,886	99,055	401,250	1,627,694	153,459	260,937	6,587,070	914,793	218,838	1,133,631	7,720,701
Fees and contract expenses	24,748	205,940	19,161	174,352	300	6,634	13,802	598	10,893	456,428	73,098	2,897	75,995	532,423
Supplies and materials	73,751	65,233	27,314	15,832	212,235	27,706	15,555	3,600	6,526	447,752	13,899	42,163	56,062	503,814
Telephone	16,231	7,654	12,215	4,239	1,190	8,480	35,309	564	5,747	91,629	4,594	1,491	6,085	97,714
Postage	3,419	2,555	8,341	2,165	297	1,088	3,105	673	392	22,035	1,868	1,496	3,364	25,399
Occupancy	87,834	82,118	68,056	56,947	10,354	49,259	117,906	15,421	24,728	512,623	48,512	15,531	64,043	576,666
Equipment costs	37,958	37,403	18,732	12,262	2,285	15,844	21,072	2,446	6,623	154,625	12,419	3,713	16,132	170,757
Transportation	2,816	622	21,238	1,022	603	16,725	32,123	-	6,953	82,102	884	625	1,509	83,611
Conference	33,295	27,723	5,812	8,039	1,053	1,738	2,648	-	-	80,308	11,698	5,266	16,964	97,272
Printing and media	-	-	-	-	-	-	-	-	-	-	-	29,189	29,189	29,189
Client assistance	-	84,197	46,273	-	-	810,456	2,400	-	-	943,326	-	-	-	943,326
Medication	-	4,703	2,625	-	-	-	-	6,045,219	-	6,052,547	-	-	-	6,052,547
Insurance	13,523	47,715	13,238	6,618	1,421	6,935	21,292	1,726	5,666	118,134	7,451	2,302	9,753	127,887
Lab tests	-	354,623	-	-	-	-	-	-	-	354,623	-	-	-	354,623
Advertising and community support	4,130	5,904	5,656	7,069	595	1,842	7,765	541	634	34,136	18,072	68,027	86,099	120,235
Site expenses	-	-	-	-	-	-	-	-	2,595	2,595	-	62,902	62,902	65,497
Entertainment and volunteer recognition	459	-	-	-	-	-	-	-	372	831	-	1,171	1,171	2,002
Continuing education	8,201	23,779	10,973	1,672	38	1,754	565	-	300	47,282	2,104	35	2,139	49,421
Miscellaneous	2,020	11,997	2,346	-	100	228	249	1,150	4,981	23,081	37,668	11,643	49,311	72,392
Total expenses before depreciation, amortization and interest	1,380,429	2,463,649	1,233,252	790,103	329,526	1,349,939	1,901,485	6,225,397	337,347	16,011,127	1,147,060	467,289	1,614,349	17,625,476
Depreciation and amortization	49,429	39,964	46,274	24,189	4,207	16,827	77,825	6,310	4,706	269,731	38,394	8,413	46,807	316,538
Interest	-	1,788	-	-	1,508	4,387	-	-	1,298	8,981	62	-	62	9,043
Total expenses	\$ 1,429,858	\$ 2,505,401	\$ 1,279,526	\$ 814,292	\$ 335,241	\$ 1,371,153	\$ 1,979,310	\$ 6,231,707	\$ 343,351	\$ 16,289,859	\$ 1,185,516	\$ 475,702	\$ 1,661,218	\$ 17,951,057

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	Program Services										Supporting Services		
	Education	Primary Medical Care	Case Management	Behavioral Health	Food for Friends	Housing	Housing Supportive Services	Medication	Total	Management and General	Fund Raising	Total	Total Expenses
Salaries	\$ 597,451	\$ 933,118	\$ 712,901	\$ 326,869	\$ 69,857	\$ 170,254	\$ 1,044,376	\$ 99,308	\$ 3,954,134	\$ 632,065	\$ 166,682	\$ 798,747	\$ 4,752,881
Employee health and benefits	150,034	154,576	169,324	74,209	13,668	39,654	159,971	23,678	785,114	110,694	38,269	148,963	934,077
Payroll taxes	45,705	67,394	54,536	24,962	5,249	13,024	79,895	7,597	298,362	44,007	12,860	56,867	355,229
Total salaries and related expenses	793,190	1,155,088	936,761	426,040	88,774	222,932	1,284,242	130,583	5,037,610	786,766	217,811	1,004,577	6,042,187
Fees and contract expenses	32,736	255,573	5,892	252,715	250	-	5,336	500	553,002	91,133	999	92,132	645,134
Supplies and materials	54,416	36,164	39,107	42,183	209,287	7,317	42,865	2,611	433,950	14,705	27,083	41,788	475,738
Telephone	15,513	8,520	18,131	5,121	1,628	3,124	22,533	877	75,447	3,925	1,539	5,464	80,911
Postage	4,241	2,529	5,889	1,881	313	1,352	942	125	17,272	1,516	1,347	2,863	20,135
Occupancy	61,112	80,830	53,460	46,266	16,096	38,762	96,516	28,648	421,690	28,756	12,619	41,375	463,065
Equipment costs	26,812	25,343	37,448	14,476	3,075	6,310	11,906	3,264	128,634	16,339	5,599	21,938	150,572
Transportation	1,133	1,161	23,079	4,567	1,111	9,839	44,815	-	85,705	1,999	581	2,580	88,285
Conference	27,118	25,930	5,782	17,025	1,716	3,996	1,971	366	83,904	12,844	3,364	16,208	100,112
Printing and media	-	-	-	-	-	-	-	-	-	-	14,625	14,625	14,625
Client assistance	-	14,344	58,051	-	-	557,817	3,376	-	633,588	-	-	-	633,588
Medication	-	-	-	-	-	-	-	4,769,241	4,769,241	-	-	-	4,769,241
Insurance	10,716	37,356	12,213	6,312	1,815	2,693	20,845	1,762	93,712	7,486	2,348	9,834	103,546
Lab tests	-	377,768	-	-	-	-	-	-	377,768	-	-	-	377,768
Advertising and community support	2,987	10,325	2,341	1,621	1,788	370	3,328	246	23,006	5,753	88,412	94,165	117,171
Site expenses	-	-	-	-	-	-	-	-	-	-	63,170	63,170	63,170
Entertainment and volunteer recognition	1,109	-	-	-	-	-	-	-	1,109	11,061	1,879	12,940	14,049
Continuing education	1,558	6,436	3,387	5,756	-	470	1,325	-	18,932	1,763	703	2,466	21,398
Miscellaneous	-	11,742	2,974	211	863	-	1,000	900	17,690	3,420	11,602	15,022	32,712
Total expenses before depreciation, amortization and interest	1,032,641	2,049,109	1,204,515	824,174	326,716	854,982	1,541,000	4,939,123	12,772,260	987,466	453,681	1,441,147	14,213,407
Depreciation and amortization	31,279	24,123	25,555	17,172	3,067	7,567	57,270	4,089	170,122	30,111	6,136	36,247	206,369
Interest	-	3,740	-	-	-	5,031	-	-	8,771	164	-	164	8,935
Total expenses	\$ 1,063,920	\$ 2,076,972	\$ 1,230,070	\$ 841,346	\$ 329,783	\$ 867,580	\$ 1,598,270	\$ 4,943,212	\$ 12,951,153	\$ 1,017,741	\$ 459,817	\$ 1,477,558	\$ 14,428,711

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,645,307	\$ 710,689
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	316,538	206,369
Loss on disposal of assets	143,983	10,512
Changes in assets and liabilities:		
Reimbursements receivable	(2,122,873)	786,318
Prepaid expenses	2,724	66,761
Deposits	-	(3,577)
Accounts payable	(80,704)	506,548
Accrued expenses	71,068	102,015
Reimbursable advance	(54,092)	(132,517)
Net cash provided by operating activities	<u>921,951</u>	<u>2,253,118</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment and leasehold improvements	(348,750)	(551,510)
Purchase of investments	(1,354,007)	-
Proceeds from sale of investments	949,548	(381,249)
Net cash used in investing activities	<u>(753,209)</u>	<u>(932,759)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Change in line of credits	(29,995)	-
Payments on capital lease obligation	(14,518)	(12,703)
Payments on note payable	(33,548)	(23,536)
Net cash used in financing activities	<u>(78,061)</u>	<u>(36,239)</u>
Change in cash	90,681	1,284,120
Cash at beginning of year	2,540,783	1,256,663
Cash at end of year	<u>\$ 2,631,464</u>	<u>\$ 2,540,783</u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
Interest paid	<u>\$ 6,237</u>	<u>\$ 8,935</u>
<u>NON-CASH TRANSACTION</u>		
Merger with AIDS Law	<u>\$ 8,783</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

1. Summary of Significant Accounting Policies

Organization

NO/AIDS Task Force (the Task Force) is a nonprofit organization providing support and services to people infected and affected by acquired immune deficiency syndrome (AIDS) and human immunodeficiency virus (HIV) in the Southeast Louisiana region. The Task Force also offers educational programs and informational materials to the general public, in order to prevent more people from becoming infected and to build awareness of the serious medical, legal, social and emotional problems faced by those already infected. The Task Force also provides a continuance of care and supportive services for individuals and families living with HIV disease. The Task Force's programs are as follows:

Education

Education continues to be the best method for slowing the spread of HIV/AIDS. This program's goal is making the community aware that prevention is vital to reducing the spread of HIV. The Task Force uses community and venue-based outreach to talk to adolescents, injection drug users and other high-risk individuals in a non-threatening and non-judgmental manner about their behavior. A community mobilization project develops partnerships to design and implement prevention projects in the New Orleans French Quarter community. Additionally, the Task Force operates specific evidence-based interventions (including HIV antibody counseling, testing and referral) that are supported by scientific research. The Education program also performs health education presentations throughout Southeast Louisiana.

Primary Medical Care

The Task Force operates a full service clinic which provides medical care to over 1,200 individuals. The Task Force employs two full-time and one part-time physician, two full-time nurse practitioners, four full-time registered nurses and one part-time licensed practical nurse. The clinic is open five days a week and provides care to all HIV-infected individuals in need.

Case Management

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

Behavioral Health

The Task Force offers behavioral health services, which includes mental health and substance abuse support to individuals and families coping with HIV. Short-term individual counseling helps HIV-infected and affected individuals cope with the complex emotional, physical and practical problems they face. Support groups are offered on a regular basis and, if needed, appointments are offered with a psychiatrist once a week.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. Summary of Significant Accounting Policies (continued)

Food for Friends

The Task Force delivers fourteen prepared, well-balanced meals each week to HIV-infected individuals who are unable to provide meals for themselves. Additionally, a food pantry supplements the clients' needs with nonperishable food items and personal care items.

Housing

The Task Force provides assistance to HIV-infected individuals to obtain acceptable and affordable housing. Additionally, the Task Force provides a program where individual and group level support is offered by trained peers living with HIV/AIDS.

Housing Support Services

Housing Support Services is funded by the State of Louisiana to assist persons with significant disabilities to obtain and maintain housing in the community. The supports provided are individualized to the tenant's needs.

Medication

The Task Force contracts with a local pharmacy to provide medication to HIV-infected individuals. The Task Force also assists with insurance (and medical) co-payments for qualified individuals. Staff assists eligible clients in enrolling in pharmaceutical medication assistance programs for access to free or low cost medications. The Task Force is a covered entity in the U.S. Department of Health and Human Services, Health Resources and Services Administration, Office of Pharmacy Affairs and participates in the 340B Drug Pricing Program whereby medications are purchased by a qualified third party pharmacy company for Task Force clients at a discounted price, resulting in revenue for the Task Force based on these savings. Revenues of \$8,631,593 and \$5,775,744 and related expenses of \$5,106,102 and \$3,478,798 were recognized in 2012 and 2011, respectively, related to this program and are included in grants and contracts revenue and program expenses, respectively, in the accompanying statements of activities.

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. Restricted contributions whose restrictions are met in the same reporting period as the contribution are shown as unrestricted contributions.

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.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. Summary of Significant Accounting Policies (continued)

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.

Accounting Standards Codification, "Accounting for Uncertainty in Income Taxes" clarifies the accounting and disclosure for uncertain tax positions. This interpretation requires organizations to use a prescribed model for assessing the financial statement recognition and measurement of all tax positions taken or expected to be taken in tax returns. The Task Force applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Task Force has reviewed its tax positions and determined there were no outstanding or retrospective tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities; therefore implementation of this standard has not had a material effect on the Task Force.

The Task Force's tax returns for the years ended June 30, 2011, and June 30, 2010 remain open and subject to examination by taxing authorities. The tax return for the year ended June 30, 2012 has not been filed as of the report date.

Reimbursements Receivable

Reimbursements receivable are comprised primarily of reimbursements from federal agencies. The Task Force uses the allowance method to account for uncollectible reimbursements. Reimbursements are charged against the allowance when deemed to be uncollectible. The allowance is based on management's estimate of possible uncollectible reimbursements. Due to reimbursements being due primarily from federal agencies with minimal risks of nonpayment based on the Task Force's past experience with these agencies, all amounts due are considered collectible; therefore, no allowance is reflected in these accompanying financials at both June 30, 2012 or 2011.

Investments

Investment balances, at fair value, were \$1,354,007 and \$949,548 as of June 30, 2012 and 2011, respectively. Investments consisted primarily of bond mutual funds as of both fiscal year ends. Investments are stated at fair value in the accompanying statements of financial position (see Note 8). Gains and losses, both realized and unrealized and ordinary income from investments are recognized in the change in net assets in the accompanying statements of activities in the classification that reported the assets. At June 30, 2012 and 2011, unrealized gains on investments of \$4,008 and \$20,082, respectively, were recognized in the accompanying financial statements.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. Summary of Significant Accounting Policies (continued)

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. The Task Force capitalizes all expenditures for equipment in excess of \$1,000; 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 shorter of the estimated useful life of the improvement or the term of the related lease.

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.

Reimbursable Advance

Reimbursable advance represents funds received from grantors in advance of services being provided. These funds are to be expended for grant services to be provided in the years subsequent to their receipt.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Task Force have been summarized on a functional basis in the accompanying statements of functional expenses. In preparing these statements, certain costs such as occupancy, telephone and supplies have been allocated among the various programs and supporting services on the basis of program expenses to total expenses in each activity.

Donated Services

Donated services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. During fiscal years 2012 and 2011, a news publication 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, 2012 and 2011, was \$32,734 and \$43,773, respectively, and is reflected in the accompanying financial statements as other support and revenue and support service expenses.

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.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. Summary of Significant Accounting Policies (continued)

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals is to promote the Task Force's fund-raising events and raise awareness of the disease and its prevention.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

2. Equipment and Leasehold Improvements

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

	<u>Useful Life</u>	<u>2012</u>	<u>2011</u>
Computer equipment and software	3 to 5 years	\$ 649,963	\$ 454,812
Office furniture, fixtures and equipment	3 to 5 years	421,339	364,408
Leasehold improvements	3 to 5 years	491,878	401,450
Mobile medical unit	10 years	210,000	210,000
Building	30 years	93,000	93,000
Land	-	23,000	23,000
Equipment – not in use	-	-	143,983
		<u>1,889,180</u>	<u>1,690,653</u>
Less: Accumulated depreciation and amortization		<u>950,938</u>	<u>653,426</u>
		<u>\$ 938,242</u>	<u>\$ 1,037,227</u>

The Task Force purchased kitchen equipment that was delivered in 2008 and has remained in storage. The equipment purchase resulted from an agreement between the Task Force and First Unitarian Church (the Church). The initial agreement was that the Church was to renovate its kitchen area and the Task Force would provide the kitchen equipment. As of June 30, 2012 and 2011, the renovation has not been completed, and it was estimated that it will not be completed in the foreseeable future. Management deemed the equipment unusable and recorded a write-off. The write-off is reported as loss on disposal of assets in the accompanying statement of activities.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

3. Lines of Credit

The Task Force has two unsecured lines of credit with financial institutions. There were no outstanding borrowings against these lines of credit as of June 30, 2012 and 2011. The first line of credit for \$250,000 carries interest at the financial institution's prime rate plus 1.0% and has an open maturity date. The second line of credit is for \$250,000 and was renewed in February 2012. This line of credit carries interest based on the LIBOR rate plus 3.008% and matures in February 2013.

As a result of the merger between the Task Force and AIDS Law of Louisiana, Inc. (AIDS Law) (see Note 10), the Task Force became liable for a \$30,000 line of credit in the name of AIDS Law. In February 2012, the Task Force paid the balance of \$29,995 which was assumed as part of the merger. The line of credit was then canceled and was no longer in existence as of June 30, 2012.

4. Capital Lease Obligations

During 2008, the Task Force leased a medical software program with a cost basis of \$59,146 under a capital lease. This item is included in computer equipment and software in the accompanying 2012 and 2011 statements of financial position, and the related amortization is included in accumulated depreciation and amortization and depreciation and amortization expense. The net book value at June 30, 2012 and June 30, 2011 was \$3,942 and \$15,771, respectively.

Future minimum lease payments under the medical software program capital lease for years succeeding June 30, 2012, are as follows:

2013 payments	\$ 5,435
Less amounts representing interest	<u>148</u>
Present value of minimum capital lease payments	<u>\$ 5,287</u>

5. Notes Payable

In June 2008, the Task Force purchased a building for \$116,000 in the Houma, Louisiana region to serve as an office and clinic in that area. The Task Force purchased the property with funds acquired through the issuance of a note payable to a bank. The note has a stated interest of 5.95% and is due in 92 equal monthly installments of principal and interest of \$1,575. The note is collateralized by the Task Force's account at that bank. The outstanding balances related to this loan were \$62,323 and \$76,836 at June 30, 2012 and 2011, respectively.

In June 2009, the Task Force received a loan from Newcorp Business Assistance Center in the amount of \$80,000. The note accrues no interest for a period of two years from the date of the promissory note, ending June 9, 2011. Thereafter, the outstanding loan balance will begin to accrue interest at a rate of 4.00% annually until the loan is paid in full. The outstanding balances related to this loan were \$46,113 and \$65,148 at June 30, 2012 and 2011, respectively.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

5. Notes Payable (continued)

Maturities of the notes payable for fiscal years subsequent to June 30, 2012 are as follows:

2013	\$ 39,863
2014	39,666
2015	17,605
2016	11,302

6. Commitments and Contingencies

Operating Leases

The Task Force leases its administrative headquarters which also serves as an operational facility under a non-cancelable operating lease. The lease was amended in September 2010. The amendment of the lease increased the monthly rent from \$34,300 to \$43,400 starting in June 2011 and extended the term to January 2013. In addition, the Task Force leases another operating facility for program activities on a monthly basis for \$1,500 per month. The lease payments are included in occupancy in the accompanying statements of functional expenses.

Rental expense relating to these leases was approximately \$538,800 and \$416,800 for the years ended June 30, 2012 and 2011, respectively.

Concentrations

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. The Task Force intends to fulfill the conditions 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. Government grants and support represented approximately 96% and 94% of the Task Force's total support and revenue for fiscal 2012 and 2011, respectively. In addition, the balance of reimbursements receivable is comprised primarily of government grants at both June 30, 2012 and 2011.

Cash

The Task Force maintains its cash accounts with high credit quality national institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. Amounts on deposit may, at times, exceed insured limits. The Task Force has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks. Amounts on deposit in excess of insured limits were approximately \$1,381,000 and \$1,766,000 at June 30, 2012 and 2011, respectively.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

7. Retirement Savings Plan

The Task Force provides a simplified employee retirement savings plan (the 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 5% of an employee's current gross eligible compensation. The contribution was equal to 3% for the first two quarters of fiscal year 2011. Effective January 1, 2011, the rate was increased to 5%. Contributions to the Plan were approximately \$159,000 and \$122,000 for the years ended June 30, 2012 and 2011, respectively.

8. Fair Value Measurements

The Task Force adopted fair value measurement standards on July 1, 2008. The standard establishes a framework for measuring fair value, and expands disclosure about fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and lowest priority to unobservable inputs (Level 3 Measurements).

The three levels of the fair value hierarchy under the standard are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Valuation methodology inputs are unobservable and significant to fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As of both June 30, 2012 and 2011, all of the Task Force's investments were mutual funds and considered to be Level 1.

NO/AIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

9. Allocation of Joint Costs

During fiscal 2012 and 2011, 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>2012</u>	<u>2011</u>
Fund Raising	\$ 925	\$ 493
Management – general	2,081	1,108
Program Services:		
Education	3,006	1,602
Primary Medical Care	12,626	5,028
Case Management	13,320	5,398
Mental Health	2,081	1,109
Food for Friends	231	123
Housing/Peer Support	6,938	3,697
Medication	<u>1,156</u>	<u>616</u>
Total	<u>\$ 42,364</u>	<u>\$ 19,174</u>

10. Merger

On July 1, 2011, the Task Force took over operations and assumed the assets and liabilities of AIDS Law, a non-profit organization that provides free legal services to low-income persons living with HIV and AIDS. The Task Force's fiscal year 2012 financials include those of AIDS Law as if the merger had been effective on July 1, 2012. As of the effective date of the merger, AIDS Law's working capital contribution to the Task Force was deemed immaterial. The official merger agreement was signed on October 15, 2012.

11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 20, 2012, and determined that no other events have occurred that require disclosure.

NO/AIDS TASK FORCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Disbursements/ Expenditures</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Public Health Service Centers for Disease Control and Prevention - HIV Prevention Programs and CBOS	93.939	\$ 388,080
Public Health Service Centers for Disease Control and Prevention - HIV Prevention Programs and CBOS	93.939	205,162
Substance Abuse & Mental Health Services Administration Center for Substance Abuse Treatment	93.243	567,300
Health Resources and Services Administration Ryan White Part C Outpatient EIS Program	93.918	348,371
Public Health Service Office of Minority Health Family and Community Violence Prevention Program	93.910	246,245
Health Resources and Services Administration Community Health Center Planning Grant	93.527	52,965
<u>Pass through:</u>		
<u>Mayor's Office of Health Policy</u>		
Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93.914	3,911,418
Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93.914	81,840
Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93.914	75,185
Ryan White C.A.R.E. Act Title II Funds HIV Emergency Relief Formula Grants	93.917	221,422
<u>City of Baton Rouge</u>		
Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93.914	83,463
<u>Louisiana Department of Health and Hospitals</u>		
Office of Public Health - HIV/AIDS Services Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	177,359
Office of Public Health - HIV/AIDS Services HIV Behavioral Surveillance System Grant	93.944	230,298
Louisiana Public Health Institute Centers for Medicare and Medicaid Services (CMS) Research, Demonstration, and Evaluations Primary Care Access and Stabilization Grant	93.779	38,744
Centers for Medicare and Medicaid Services (CMS) Research, Demonstration, and Evaluations Greater New Orleans Community Health Connection	93.779	567,712
CCBC Crescent City Beacon Community Initiative	93.779	60,000
Metropolitan Human Services District Block grants for prevention and treatment of substance abuse	93.959	97,272
<u>Louisiana Children's Hospital</u>		
Hospital's Family Advocacy, Care and Education Services Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	50,477
<u>Unity of Greater New Orleans, Inc</u>		
Substance Abuse & Mental Health Services Administration Center for Substance Abuse Treatment	93.243	86,605
<u>Louisiana State University Health and Science Center</u>		
LSUHSC Minority-Based Community Clinical Oncology Program Cancer Treatment Research	93.395	48,034
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
<u>Pass through:</u>		
<u>City of New Orleans Division of Housing and Neighborhood Development</u>		
Housing Opportunities for Persons with AIDS	14.241	737,271
<u>Unity of Greater New Orleans, Inc</u>		
Housing Opportunities for Persons with AIDS	14.241	243,462
<u>Louisiana Department of Health and Hospitals</u>		
Office of Public Health	14.241	114,722
<u>City of New Orleans Division of Housing and Neighborhood Development</u>		
Supportive Housing Program	14.235	23,400
<u>Louisiana Department of Health and Hospitals</u>		
Office of Aging and Adult Services - Permanent Supportive Housing	14.218	2,118,435
<u>TOTAL FEDERAL AWARDS</u>		<u>\$ 10,775,242</u>

See accompanying notes to the schedule of expenditures of federal awards.

NO/AIDS TASK FORCE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

1. Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the 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. During 2012, the Ryan White grants (except for Part C) were operated on units of service fee basis whereby the Task Force was compensated at fixed rates per units of service as provided for in the federal grant contracts. Additionally, the Permanent Supportive Housing grant is reimbursed at an hourly rate per staff team member as called for in the grant agreement. Accordingly, this schedule presents the revenues earned through the expenditure of funds awarded, costs expended and reimbursed, the reimbursement for units of service provided and the reimbursement of hourly rates.

2. Major Programs

Major programs are identified in the summary of auditors' results section of the schedule of findings and questioned costs.

3. Relationship to Financial Statements

Federal awards are included in the financial statements of the Task Force as follows:

Schedule of Federal Awards	\$10,775,242
340B Drug Pricing Program (non-federal)	8,631,593
Other (non-federal)	<u>437,151</u>
Total grants and contracts	<u>\$ 19,843,986</u>

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

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

We have audited the financial statements of NO/AIDS Task Force (the Task Force) (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of NO/AIDS Task Force is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered NO/AIDS Task Force's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NO/AIDS Task Force's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, State of Louisiana Legislative Auditor's Office, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Ketterville

Metairie, Louisiana
December 20, 2012

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of NO/AIDS Task Force (the Task Force) (a nonprofit organization) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Task Force's major federal programs for the year ended June 30, 2012. The Task Force's major federal programs are identified in the summary of auditors' 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 Task Force's management. Our responsibility is to express an opinion on the Task Force's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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 of Task Force's compliance with those requirements.

In our opinion, the Task Force complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Task Force 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 Task Force's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Task Force's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the Task Force's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the Task Force's compliance but not to provide an opinion on the effectiveness of the Task Force's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Task Force's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Postletnewrite & Netterville

Metairie, Louisiana
December 20, 2012

NO/AIDS TASK FORCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified
Internal control over financial reporting:
Material weakness(es) identified: no
• Significant deficiency(ies) identified that are not
considered to be material weakness(es)? none reported
Noncompliance material to financial statements noted: no

Federal Awards

Internal control over major programs:
• Material weakness(es) identified: no
• Significant deficiency(ies) identified
that are not considered to be material
weakness(es)? 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? no

Identification of major program(s):

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.914	Ryan White C.A.R.E Act Title I Funds - HIV Emergency Relief Formula Grants

Dollar threshold used to distinguish between type A
and type B programs: \$323,257

Auditee qualified as low-risk auditee? yes

1. Findings and Questioned Costs relating to Federal Awards: none

2. Financial Statement Findings: none