

**SOUTHWEST LOUISIANA AIDS COUNCIL**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended December 31, 2014**

SOUTHWEST LOUISIANA AIDS COUNCIL  
LAKE CHARLES, LOUISIANA

Table of Contents

	PAGE
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-14
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	18
OTHER REPORTS	
Independent Auditors' Reports on Internal Control Structure and Compliance	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance required by OMB Circular A-133	21-22
Schedule of Findings and Questioned Costs	23
Summary Schedule of Prior Audit Findings	24
Management Letter	25

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**Independent Auditors' Report**

Board of Directors  
Southwest Louisiana AIDS Council  
Lake Charles, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Southwest Louisiana AIDS Council (a non-profit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2013 financial statements and, in our report dated June 26, 2014, we express an unmodified opinion on those financial statements.

**Managements Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southwest Louisiana AIDS Council, as of December 31, 2014, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, are presented for purposes of additional analysis and are 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 basic 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, on our consideration of the Southwest Louisiana AIDS Council'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 internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southwest Louisiana AIDS Council's internal control over financial reporting and compliance.

McMullen and Mancuso, CPAs, LLC

***McMullen and Mancuso CPAs, LLC***

Sulphur, Louisiana

June 29, 2015

**Southwest Louisiana AIDS Council**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2014  
with Comparative Totals for 2013**

**ASSETS**

	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 337,243	\$ 46,946
Cash Restricted For Capital Projects	9,585	13,817
Grants Receivable	324,915	223,681
Other Receivable	26,600	5,995
Pre-Paid Rent	119,515	-
Other Current Assets	6,513	6,520
Deferred Tax Asset - Federal	2,300	2,960
Deferred Tax Asset - State	-	797
Total Current Assets	826,671	300,716
 <b>PROPERTY AND EQUIPMENT</b>		
Equipment	2,511	2,511
Leasehold Improvements	118,939	116,513
Office Equipment	26,429	28,814
Less Accumulated Depreciation	(112,778)	(100,246)
Total Property and Equipment	35,101	47,592
 <b>OTHER ASSET</b>		
Other Receivable	5,000	-
Total Other Assets	5,000	
Total Assets	\$ 866,772	\$ 348,308

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 164,017	\$ 13,584
Payroll Tax Payable	13,437	10,878
Income Tax Payable	460	2,430
Compensated Absences Payable	21,903	18,255
Line of Credit	-	32,000
Deferred Support	3,500	71,208
Total Current Liabilities	203,317	148,355
Total Liabilities	203,317	148,355
 <b>NET ASSETS</b>		
Unrestricted	653,870	186,136
Temporarily Restricted (Note L)	9,585	13,817
Total Net Assets	663,455	199,953
Total Liabilities and Net Assets	\$ 866,772	\$ 348,308

The accompanying notes are an integral part of these statements.

Southwest Louisiana AIDS Council

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2014  
with Comparative Totals for 2013

	2014			2013
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Government Grants	\$ 1,678,192	\$ -	\$ 1,678,192	\$ 1,146,325
Contributions	30,503	350	30,853	30,302
340 B Program Income	456,583	-	456,583	-
Non-Government Grants	77,708	-	77,708	113,080
Interest Income	7	-	7	7
Miscellaneous Income	20,075	-	20,075	2,674
Bingo Revenues	366,009	-	366,009	337,136
Fund-Raising/Special Events	12,786	-	12,786	22,717
Income Tax Benefit - Deferred	-	-	-	2,527
Total Revenues and Gains	<u>2,641,863</u>	<u>350</u>	<u>2,642,213</u>	<u>1,654,768</u>
Net Assets Released From Restrictions	2,330	(2,330)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>2,644,193</u>	<u>(1,980)</u>	<u>2,642,213</u>	<u>1,654,768</u>
<b>EXPENSES AND LOSSES</b>				
Program Service - Community Services	1,769,222	-	1,769,222	1,259,384
Management and General	108,172	-	108,172	118,900
Fund-Raising/Special Events	6,585	-	6,585	9,425
Bingo	286,784	-	286,784	254,744
TOTAL EXPENSES AND LOSSES	<u>2,170,763</u>	<u>-</u>	<u>2,170,763</u>	<u>1,642,453</u>
CHANGE IN NET ASSETS	473,430	(1,980)	471,450	12,315
NET ASSETS AT BEGINNING OF YEAR AS ORIGINALLY REPORTED	186,136	13,817	199,953	185,196
PRIOR PERIOD ADJUSTMENT	<u>(5,696)</u>	<u>(2,252)</u>	<u>(7,948)</u>	<u>2,442</u>
NET ASSETS AT BEGINNING OF YEAR AS RESTATED	180,440	11,565	192,005	187,638
NET ASSETS AT END OF YEAR	<u>\$ 653,870</u>	<u>\$ 9,585</u>	<u>\$ 663,455</u>	<u>\$ 199,953</u>

The accompanying notes are an integral part of these statements.

**Southwest Louisiana AIDS Council**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended December 31, 2014**  
**with Comparative Totals for 2013**

	Program Services	Supporting Services			Total Program and Supporting Service Expense	
		Management and General	Fund Raising	Bingo	2014	2013
		2014			2014	2013
Advertising	\$ 2,697	3,788	1,300	8,006	\$ 15,791	\$ 18,557
Bank Fees	172	635	9	187	1,003	351
Client Assistance	544,359	-	-	-	544,359	403,212
Donations - Other Nonprofits	26,410	-	-	-	26,410	21,167
Gaming Fees	-	-	-	62,623	62,623	60,005
Income Tax Expenses - Current	-	-	-	7,195	7,195	6,576
Insurance	137	13,539	-	-	13,676	13,025
Interest Expense	-	801	-	-	801	402
Miscellaneous	439	564	-	104	1,107	2,769
Office Supplies	10,891	6,281	89	56	17,317	14,910
Medical Services	241,062	-	-	-	241,062	69,517
Payroll Tax and Fringe Expense	63,416	3,080	-	1,612	68,108	66,979
Postage	1,557	1,830	-	-	3,387	3,973
Printing and Publications	521	620	-	-	1,141	3,235
Professional Fees:						
Accounting	5,326	6,711	-	3,960	15,997	14,978
Billing Service	15,000	-	-	-	15,000	-
Consulting	15,750	-	-	-	15,750	9,000
Legal Services	-	1,624	-	-	1,624	-
Program Food & Beverage	8,822	3,190	148	-	12,160	11,875
Program Incentives	16,269	-	-	-	16,269	37,232
Program Supplies	17,816	-	109	-	17,925	2,612
Rent and Occupancy	11,663	21,718	-	72,750	106,131	101,719
Rental and Maintenance	1,414	6,387	-	-	7,801	11,634
Salaries and Benefits	731,363	31,738	-	72,835	835,936	681,371
Security	-	-	-	7,850	7,850	7,300
Sponsored Events	1,722	-	1,346	-	3,068	2,645
Supplies	-	-	-	40,414	40,414	35,860
Taxes and Licenses	-	301	1,150	8,532	9,983	2,204
Telephone	4,179	4,182	-	-	8,361	7,735
Travel and Transportation	30,484	-	1,645	-	32,129	16,842
Total Before Depreciation and Other Expense	1,751,469	106,989	5,796	286,124	2,150,378	1,627,685
Depreciation	15,332	1,022	682	-	17,036	14,768
Deferred Tax	-	-	-	660	660	-
Loss on Disposal of Assets	2,421	161	107	-	2,689	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,769,222</b>	<b>\$ 108,172</b>	<b>\$ 6,585</b>	<b>\$ 286,784</b>	<b>\$ 2,170,763</b>	<b>\$ 1,642,453</b>

The accompanying notes are an integral part of these statements.

**Southwest Louisiana AIDS Council**

**STATEMENT OF CASH FLOWS**

**For The Year Ended December 31, 2014  
with Comparative Totals for 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 471,450	\$ 12,315
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	17,036	14,768
Loss on Disposal of Equipment	2,689	-
(Increase) Decrease in Operating Assets		
Grants Receivable	(101,234)	(123,508)
Deferred Tax Assets	1,457	127
Pre-Paid Federal Income Tax	-	925
Other Assets	7	(3,715)
Other Receivable	(28,551)	(2,902)
Program Receivable	(119,515)	-
Loan to Nonprofit	(5,000)	-
Pre-Paid Rent	-	1,000
(Increase) Decrease in Operating Liabilities		
Accounts Payable	150,433	(9,888)
Deferred Support	(67,708)	(580)
Payroll Tax Payable	2,559	7,947
Accrued Wages	3,648	6,318
Income Tax Payable	(1,970)	1,180
Net Cash Provided (Used) by Operating Activities	325,301	(96,013)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Property, Equipment and Improvements	(7,236)	-
Net Cash Provided (Used) by Investing Activities	(7,236)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Line of Credit Advances	39,000	81,250
Repayments of Line of Credit	(71,000)	(49,250)
Net Cash Provided (Used) by Financing Activities	(32,000)	32,000
Net Increase (Decrease) in Cash and Cash Equivalents	286,065	(64,013)
Cash and Cash Equivalents, Beginning of Year	60,763	124,776
Cash and Cash Equivalents, End of Year	\$ 346,828	\$ 60,763
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year For Interest	\$ 688	\$ 402
Income Tax Paid During the Year	\$ 5,300	\$ 3,000

The accompanying notes are an integral part of these statements.

Southwest Louisiana AIDS Council

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Southwest Louisiana AIDS Council have been prepared on the accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for voluntary health and welfare organizations.

1. Organization and Purpose

Southwest Louisiana AIDS Council (SLAC) is a 501(c)(3) Louisiana non-profit corporation founded in 1987 whose mission is: To provide education to the public about HIV/AIDS prevention and to provide services to those affected (both directly and indirectly) by the disease. Services are provided to persons regardless of sex, race, religion, creed, country of origin, sexual orientation, status of health, marital status or political ideology. SLAC serves the residents of five parishes whose combined population is approximately 300,000.

SLAC's educational efforts include: presentations, in-services and workshops, to a wide variety of agencies, organizations, prisons' addictive disorders programs, churches, etc. The Teen Prevention component offers workshops and teaches the Becoming a Responsible Teen (BART) course to area youth-particularly teens involved with the juvenile justice system. BART has been recommended by the Center for Disease Control (CDC) as one of the top five HIV prevention programs for African-American youth in the United States. Free brochure and other materials about HIV/AIDS are provided to the public through the SLAC office, health fairs and all presentations

Prevention activities include: one-on-one street outreach, venue-based outreach, free confidential HIV counseling and testing, and a condom availability program with 90 area businesses and agencies participating. The prevention team makes over 4,500 contracts each quarter; and does mobile testing throughout the five parish area on a monthly or semi-quarterly basis. Minority populations who are at high risk for HIV disease; men who have sex with men, youth, and high risk heterosexuals are specifically targeted for prevention activities.

Services to those living with HIV/AIDS include: case management, support groups, food pantry assistance with transportation, medications, emergencies, housing, and utilities, plus eye and dental care and a buddy/companion program. SLAC is the lead agency for the Region V HIV Consortium in administering the Ryan White Care Act and HOPHA funds.

2. 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.

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any 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.

4. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure 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 these estimates.

6. Property and Equipment

Donated fixed assets are recorded as support at their estimated fair value at the date of donation; all other fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$17,036 for the year ended December 31, 2014, based on an estimated useful life of five (5) years for furniture, fixtures, and equipment and fifteen (15) years for leasehold improvements. Maintenance, repair costs, and minor replacements are charged to expense as incurred. The Organization maintains a capitalization threshold of \$500.

7. Concentration of Revenue and Support

A majority of the revenue for the Organization's programs is provided by government grants (64%), the Organization's participation in the 340B Program (18%), and bingo revenues (14%). If the Organization no longer held the bingo sessions, participated in the 340B Program, or there were significant reductions in amounts received by government grants, the operations of the Organization could be adversely impacted.

8. Public Support and Revenue

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted contributions are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Donated investments are reflected as contributions at their market values at date of receipt. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

10. Advertising Costs

Advertising costs are charged to operations when incurred. For the year ended December 31, 2014, the Organization incurred advertising costs of \$15,791.

11. Contributed Services

A substantial number of volunteers have donated significant amounts of their time to the Organization and its various programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

12. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

**Note B – Fair Values of Financial Instruments**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, short-term unconditional promises to give, and note payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term investments: The fair value of investments is based on quoted market prices for those similar investments.

**Note C – Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeding federally insured limits totaled \$109,521 at December 31, 2014.

Southwest Louisiana AIDS Council

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014

**Note D – Cash and Cash Equivalents**

The Organization maintains the following cash accounts:

	December 31, 2014	December 31, 2013
Operating Accounts	\$ 315,541	\$ 16,261
Operating - Gaming Accounts	14,853	23,817
Cash on Hand - Gaming	6,500	6,500
Petty Cash Accounts	349	368
	\$ 337,243	\$ 46,946

**Note E – Grants Receivable**

Grants receivable consisted of amounts due from state agencies and various federal agencies passed through the State of Louisiana, Department of Health and Hospitals. The balance at December 31, 2014 was \$324,915 and \$223,681 at December 31, 2013.

**Note F – Other Receivable**

Among the \$26,600 balance in Other Receivables for the year ended December 31, 2014 is the following: The Organization was notified on December 30, 2014 that it would be the recipient of a portion of the remaining funds from a class action litigation matter settled with the Division I Civil District Court of the State of Louisiana. The funds totaled \$20,000 to support the Organization’s programs that benefit women and children of the State of Louisiana. This amount is included in the Organization’s current assets.

**Note G – Related Party Transaction**

The Organization entered into a loan agreement with another non-profit agency, Matthew 25:40 Corporation, a related-party, for \$5,000 in June 2014. A board member and the Program Director at the Organization serve as principals with this Agency. The loan document specified payment of principal and interest, at the rate of six percent (6%) per annum, no later than June 12, 2015. An addendum was signed extending the payment date to June 30, 2016. The balance is classified in Other Assets at December 31, 2014.

Southwest Louisiana AIDS Council

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014

**Note H – 340B Program**

The Organization began participation in the 340B Prescription Drug Program in 2014. Income and expenses for the program were the following for the year ended December 31, 2014:

	<u>2014</u>
Program income	\$1,259,745
Cost of medication sold	<u>543,372</u>
Gross profit	716,373
Management fees	242,870
Other expenses	<u>16,921</u>
Net Margin	<u>\$ 456,582</u>

Program income and cost of medications sold are reported net of discounts and estimated returns. The program receivable of \$119,515 consists of the December amount due the Organization from Avita Drugs, the pharmacy which dispenses the medications.

**Note I – Fixed Assets**

Additions and deletions to property and equipment for the year ended December 31, 2014 were as follows:

	<u>Balance January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31,</u>
Equipment	\$ 2,511	\$ -	\$ -	\$ 2,511
Leasehold Improvements	116,513	2,426	-	118,939
Office Equipment	28,814	4,809	(7,194)	26,429
Accumulated Depreciation	<u>(100,246)</u>	<u>(17,036)</u>	<u>4,504</u>	<u>(112,778)</u>
Total Capital Assets	<u>\$ 47,592</u>	<u>\$ (9,801)</u>	<u>\$ (2,690)</u>	<u>\$ 35,101</u>

**Note J – Line of Credit**

On October 11, 2013, the Organization entered into a revolving line of credit with Iberia Bank for \$80,000 at 6% interest. The maturity date of the line of credit is October 11, 2014. As of December 31, 2014, the Organization had paid off the line of credit balance.

Southwest Louisiana AIDS Council

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014

**Note K – Temporarily Restricted Net Assets/Endowment Fund**

Temporarily restricted net assets consist of the John L. Slade endowment fund. Donations, so designated, are to be segregated in a bank account and be utilized for capital projects of the agency.

John L. Slade Endowment Fund

Balance January 1, 2014	\$	13,817
Contributions received		4,591
Expended for capital improvements		(8,823)
Balance December 31, 2014	\$	<u>9,585</u>

**Note L – Income Taxes**

The Organization was incorporated under the laws of the state of Louisiana. The Organization is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. The Organization is subject to income tax on unrelated business income which includes the net pull tab profit received from the bingo operations. Income tax amounted to \$5,745 for the year ended December 31, 2014. Deferred tax assets exist due to the timing difference for the deductibility of charitable contributions which are limited to 10% of taxable income. Charitable contributions carryover of \$16,784 originated in years 2010 thru 2014 and will expire if not used in 2015 thru 2018. No valuation allowance has been recognized. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Exempt Organization Business Income Tax Returns (Form 990T) for 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

**Note M – Deferred Revenue**

The Organization received several non-government grants in which the grant periods began in 2014 and extend to 2015. This revenue amounted to \$3,500 for the year ended December 31, 2014.

**Note N – Leases**

On April 25, 2013, the Organization entered into a one (1) year monthly lease agreement, beginning May 20, 2013 thru June 30, 2014, with Cotton's Corner, LLC for the rental of the bingo facility. The rent for the facility is \$500 for each bingo session held. The amount of rent paid for the year ended December 31, 2013 was \$72,750.

In addition, the Organization entered into a five-year lease agreement with the Ribbons of Hope Trust on August 5, 2001, beginning August 3, 2001 through August 2, 2006, with an optional continuance on ten (10) consecutive renewal terms, which consists of five (5) year periods for the rental of office space. The annual rent for the office facility is \$14,100, to be paid monthly at \$1,175 per month. The amount of rent paid for the year ended December 31, 2014 was \$14,100.

On June 8, 2012, the Organization entered into a one (1) year monthly lease agreement, beginning June 1, 2012 thru June 1, 2013, then continuing on a month to month basis, with Liberty Plaza Properties for the rental of office space for the Wyman Teen Outreach Prevention Program (TOP). The annual rent

Southwest Louisiana AIDS Council

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014

**Note N – Leases (continued)**

for the office facility is \$10,500, with \$1,000 per month paid through September 2014 and \$500 per month for October 2014 through December 2014.

**Note O – Retirement Plan**

The Organization participated in a defined contribution retirement plan that covers all full-time employees fulfilling the eligibility requirements set by the plan underwriter (New York Life Insurance Company). The Organization suspended contributions to the plan in May 2012 due to budgetary concerns, and the suspension was still in place as of December 31, 2014.

**Note P – Functional Allocation of Expenses**

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

**Note Q – Compensated Absences**

Annual and sick leave is earned by each full-time and each part-time associate, temporary employee's are not entitled to annual paid leave or sick leave. Employees of the Agency may accumulate from 5 to 20 days of annual leave, depending on their length of service. Annual leave for the preceding year must be used within three months following the completion of the year of its accrual. Failure to use the annual leave by this date results in the employee's forfeiture of the unused amount of annual leave. Employees may accumulate 10 days of sick leave each year, depending on their length of service. (Any unused accumulated sick leave is forfeited by the employee at their time or resignation or retirement).

**Note R – Economic Dependence**

The Southwest Louisiana AIDS Council receives a substantial amount of its support from the Federal and State governments. Renewal of these grants is subject to approval from year to year. If funding from these Departments were no longer available to the Agency, the operations of the Agency could be adversely impacted.

**Note S – Subsequent Event**

Subsequent events were evaluated through June 29, 2015, which is the date the financial statements were available to be issued.

**Note T - Prior Period Adjustment**

The Organization made adjustments to correct prior years' balance of the John Slade Endowment Fund account as of December 31, 2014. This resulted in a decrease of \$2,252 to restricted net assets. The Organization also made an adjustment to correct a prior year state income tax deferral, resulting in a decrease of \$511 to unrestricted net assets. In addition, an adjustment of \$5,185 was made to unrestricted net assets to correct gaming account transfers from prior years as of December 31, 2014.

SUPPLEMENTARY INFORMATION

Southwest Louisiana AIDS Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2014

<b>Federal Grantor/Pass-through Grantor/Program Name</b>	<b>1/1/14 - 12/31/14 Grants CFDA Number</b>	<b>Expenditures</b>
Department of Health and Human Services		
Passed-through the State of Louisiana		
Department of Health and Hospitals		
Office of Public Health		
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	\$ 553,788
Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C)		
	93.918	439,934
Department of Housing and Urban Development		
Passed-through the State of Louisiana		
Department of Health and Hospitals		
Office of Public Health		
Housing Opportunities for Persons with AIDS	14.241	257,343
		<u>\$ 1,251,065</u>

Southwest Louisiana AIDS Council

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2014

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of all federal awards programs of the Southwest Louisiana AIDS Council. The Organization's reporting entity is defined in Note 1 of the notes to the basic financial statements. 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*.

**Note 2 - Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Organization's basic financial statements.

**Note 3 - Relationship to Basic Financial Statements**

Federal award revenues are reported in the Organization's basic financial statements as follows:

<u>Federal Sources:</u>	<u>Amount</u>
Department of Health and Human Resources	\$ 993,722
Department of Housing and Urban Development	257,343
	<u>\$ 1,251,065</u>

**Note 4 - Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

Southwest Louisiana AIDS Council

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
For the Year Ended December 31, 2014

**Agency Head Name: Terry Estes, Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary	\$56,150
Benefits- insurance	\$5,468
Benefits- retirement	\$0
Benefits- other	\$62
Car allowance	\$0
Vehicle provided by government	\$0
Per diem	\$656
Reimbursements	\$0
Travel	\$412
Registration fees	\$580
Conference travel	\$1,550
Continuing professional education fees	\$0
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$49

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**INDEPENDENT AUDITORS' 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**

Board of Directors  
Southwest Louisiana AIDS Council  
Lake Charles, Louisiana

We have audited, in accordance with the 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, the financial statements of Southwest Louisiana AIDS Council ( a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Southwest Louisiana AIDS Council's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southwest Louisiana AIDS Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southwest Louisiana AIDS Council's internal control.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Southwest Louisiana AIDS Council'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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MCMULLEN AND MANCUSO, CPAs, LLC

***McMullen and Mancuso CPAs, LLC***

Sulphur, Louisiana  
June 29, 2015

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors  
Southwest Louisiana AIDS Council  
Lake Charles, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the Southwest Louisiana AIDS Council's compliance 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 Southwest Louisiana AIDS Council's major federal programs for the year ended December 31, 2014. The Southwest Louisiana AIDS Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Southwest Louisiana AIDS Council's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the Southwest Louisiana AIDS Council'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Southwest Louisiana AIDS Council's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Southwest Louisiana AIDS Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

## Report on Internal Control over Compliance

Management of the Southwest Louisiana AIDS Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Southwest Louisiana AIDS Council'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 that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Southwest Louisiana AIDS Council'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

MCMULLEN AND MANCUSO, CPAs, LLC

***McMullen and Mancuso CPAs, LLC***

Sulphur, Louisiana  
June 29, 2015

**Southwest Louisiana AIDS Council**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2014**

**Part I - Summary of the Auditors' Results**

1. The auditors' report expresses an unmodified opinion on the financial statements of the Southwest Louisiana AIDS Council.
2. There were no significant deficiencies in internal control required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
3. There were no material weaknesses in internal control required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
4. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statements.
5. There were no significant deficiencies in internal control over major federal award programs required to be disclosed by OMB Circular A-133.
6. The auditors' report on compliance for the major federal award programs for the Southwest Louisiana AIDS Council expresses an unmodified opinion on all major federal programs.
7. The audit disclosed no findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
8. The program tested as a major program included:
  - HIV Care Formula Grant – CFDA 93.917
9. The threshold for distinguishing Types A and B programs was 300,000.
10. The Southwest Louisiana AIDS Council was not determined to be a low risk auditee as defined by OMB Circular A-133.

**Part II - Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:**

No current year findings.

**Part III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):**

No current year findings.

Southwest Louisiana AIDS Council

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2014

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
<b>Internal Control and Compliance Material to the Financial Statements:</b>			
2013-1	Unknown	In reviewing client files, it was noted that five (5) clients had no medical diagnosis of HIV/AIDS in the file.	Resolved
2013-2	Unknown	The Organization provides short-term housing assistance to eligible clients through the Housing Opportunities for People with AIDS (HOPWA) program. In reviewing client files, it was noted that two (2) rental assistance disbursements on behalf of the same client in one month.	Resolved
<b>Internal Control and Compliance Material to Federal Awards:</b>			
2013-1	Unknown	In reviewing client files, it was noted that five (5) clients had no medical diagnosis of HIV/AIDS in the file.	Resolved

**Management Letter:**

No prior year management letter comments.

This schedule is prepared by management.

*McMullen and Mancuso*  
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June 29, 2015

Management and  
The Board of Directors of  
Southwest Louisiana AIDS Council  
Lake Charles, Louisiana

In planning and performing our audit of the financial statements of Southwest Louisiana AIDS Council as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated June 29, 2015 on the financial statements of Southwest Louisiana AIDS Council.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

**Investigate Old Outstanding Checks**

During our cash audit procedures, we noted that the outstanding check list for the operating checking account at December 31, 2014 contained checks dating from as early as April 2013. Through discussions with program management, it was determined that the status of some of these "old" outstanding checks had not been investigated or considered by program personnel. The Organization's accounting department should institute actions to determine the disposition of these checks with program managers. We recommend that the lists of outstanding checks be reviewed regularly and that all checks not returned by the banks within a reasonable period of time be investigated.

This communication is intended solely for the information and use of management and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

McMullen and Mancuso, CPAs, LLC

***McMullen and Mancuso CPAs, LLC***