

7426

2007 SEP 11 PM 12:27

**ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.**

Lafayette, Louisiana

Financial Report

Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-19-07

## TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11
SUPPLEMENTAL INFORMATION	
INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION	
Schedule of Expenditures of Federal Awards	13
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	14-15
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i>	16-17
Schedule of Findings and Questioned Costs	18-19
Summary Schedule of Prior Audit Findings	20
Management's Corrective Action Plan	21

# ***Kenneth T. Toups, CPA***

*A Limited Liability Company*  
2511 Verot School Rd.  
Lafayette, LA 70508  
Phone (337) 993-0143 / Fax (337) 984-7608

Kenneth T. Toups

Member  
American Institute of CPA's  
Louisiana Society of CPA's

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Acadiana Concern for AIDS Relief, Education,  
and Support, Inc.

I have audited the accompanying financial statement of financial position of Acadiana Concern for AIDS Relief, Education, and Support, Inc. (CARES) (a nonprofit organization) as of December 31, 2006, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of CARES' management. Our responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of CARES as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 4, 2007, on my consideration of CARES' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my 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 read in conjunction with this report in considering the results of my audit.

**2511 Verot School Rd. \* Lafayette, LA 70508 \* Tel (337) 993-0143 \* Fax (337) 984-7608**

My audit was performed for the purpose of forming an opinion on the basic financial statements of CARES taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
**Kenneth T. Toups, CPA**

A Limited Liability Company

Lafayette, Louisiana

June 4, 2007

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Statement of Financial Position  
December 31, 2006

ASSETS

CURRENT ASSETS

Cash	\$	73,843
Contracts receivable - State of Louisiana		304,177
Other receivables		<u>8,002</u>

Total current assets 386,022

EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net 2,838,278

OTHER ASSETS

Deposits 2,349

TOTAL ASSETS 3,226,649

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	262,614
Payroll taxes payable	4,531
Note payable	63,629
Current portion of capital lease obligations	<u>4,680</u>

Total current liabilities 335,454

LONG-TERM LIABILITIES

Capital lease obligations, less current portion 5,530

NET ASSETS

Unrestricted 2,885,665

TOTAL LIABILITIES AND NET ASSETS \$ 3,226,649

The accompanying notes are an integral part of this statement.

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Statement of Activities  
Year Ended December 31, 2006

UNRESTRICTED NET ASSETS

Revenue:	
United Way grant	\$ 35,400
Contributions (monetary & nonmonetary)	2,854,708
Government agency contracts	3,599,119
Interest	<u>1,968</u>
Total unrestricted support and revenue	<u>6,491,195</u>
Expenses:	
Program services	3,269,809
Management and general	<u>268,963</u>
	<u>3,538,772</u>
Increase in unrestricted net assets	<u>2,952,423</u>
Increase in net assets	2,952,423
NET ASSETS, beginning	<u>(66,758)</u>
NET ASSETS, ending	<u>\$ 2,885,665</u>

The accompanying notes are an integral part of this statement.

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Statement of Functional Expenses  
Year Ended December 31, 2006

	AIDS Education & Relief	Management and General	Total
Salaries	\$ 1,647,472	\$ 139,131	\$1,786,603
Payroll taxes	131,723	10,839	142,562
Pension expenses	55,063	4,371	59,434
Insurance	290,448	11,026	301,474
Rent	65,935	3,345	69,280
Office expenses	6,685	12,748	19,433
Utilities/phone	79,000	7,365	86,365
Education and outreach	12,736	-	12,736
Direct assistance	523,615	-	523,615
Travel and seminars	80,248	819	81,067
Professional	71,479	-	71,479
Depreciation and amortization	-	10,822	10,822
Volunteer expenses	70	-	70
Supplies/material	144,772	-	144,772
Interest	11,798	-	11,798
Advertising	4,892	-	4,892
Bank Charges	-	26,382	26,382
Contract Personnel	86,006	8,510	94,516
Dues & Subscriptions	125	1,282	1,407
Repairs & Maintenance	51,820	18,991	70,811
Janitorial	166	346	512
Miscellaneous Expenses	140	10,308	10,448
Parking Expenses	-	1,400	1,400
Postage	3,938	866	4,804
Taxes and licensing	600	412	1,012
Printing	1,078	-	1,078
<b>TOTAL EXPENSES</b>	<b><u>\$ 3,269,809</u></b>	<b><u>\$ 268,963</u></b>	<b><u>\$3,538,772</u></b>

The accompanying notes are an integral part of this statement.

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Statement of Cash Flows  
Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 2,952,423
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	10,822
(Increase) decrease in operating assets:	
Contracts receivable	(130,780)
Other receivables	(4,065)
Noncash donation of building	(2,800,000)
Deposits	200
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(33,627)
Payroll taxes payable	1,255
Net cash provided by operating activities	<u>(3,772)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(4,760)
Net cash used by investing activities	<u>(4,760)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds (repayment) of short-term borrowings	62,831
Repayment of capital lease obligations	<u>(7,836)</u>
Net cash used by financing activities	<u>54,995</u>

Net decrease in cash and cash equivalents	46,463
---	--------

CASH AND CASH EQUIVALENTS, beginning of year	<u>27,380</u>
--	---------------

CASH AND CASH EQUIVALENTS, end of year	\$ <u>73,843</u>
--	------------------

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	<u>\$ 11,798</u>

The accompanying notes are an integral part of this statement.



ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Acadiana Concern for AIDS Relief, Education, and Support, Inc. (CARES) is a nonprofit organization whose purpose is to respond to the presence of AIDS (Acquired Immune Deficiency Syndrome) in Lafayette, Louisiana, and the surrounding area by way of education, communication, support, assistance and companionship.

Basis of Presentation

Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in the Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations, and SFAS 117.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," CARES 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.

Contributions

In accordance with SFAS No. 116 "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Promises to Give

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

Bad Debts

CARES accounts for bad debts using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The effects of using this method approximate those of the allowance method.

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 those estimates.

Federal Financial Awards

Revenues for direct and indirect federal contracts are recorded based on expenses incurred for contracts that are on a cost reimbursement basis, and based on the units of service for those contracts which are on a fee for service basis. In the statement of activities, these revenues are referred to as Government agency contracts. Related contract receivables are referred to as Contracts receivable – State of Louisiana and Contracts receivable – other in the statement of financial position.

Donated Services

CARES receives substantial volunteer services in areas such as transportation, clerical, medical, food bank, hotline, fund raising and the companion program. No amounts have been reflected on the statements for donated services because no objective basis is available to measure the value of such services.

Equipment and Leasehold Improvements

Equipment and Leasehold Improvements are recorded at cost or at fair value at date of gift if donated. If donor stipulates how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Equipment is mainly comprised of office furniture, building and equipment. Depreciation and amortization is provided over the estimated useful lives on the straight-line method. Estimated useful lives range from five to ten years on equipment and 30 years on the building. Depreciation and amortization expense in the current year applies to assets carried at historical cost; donated assets are fully depreciated. Equipment with an original cost of \$1,000 or more is capitalized as are leasehold improvements costing \$3,000 or more.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

CARES qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. In addition, CARES has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NOTE 2 EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consist of the following:

Equipment	\$ 60,804
Building - 809/811 MLK Blvd.	2,800,000
Leasehold improvements	132,106
Equipment held under capital leases	<u>40,948</u>
	3,033,858
Less: Accumulated depreciation and amortization	<u>195,580</u>
	<u>\$ 2,838,278</u>

In December 2006, a local Lafayette, Louisiana Business made a generous unrestricted donation of an Office Building to Acadiana CARES, Inc.. The Building was appraised and was recorded as a non-monetary contribution on the Statement of Activities at a value of \$2,800,000.

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 NOTE PAYABLE

Notes Payable consisted of the following at December 31, 2006:

Line of credit in the amount of \$200,000 with Iberia Bank, bearing interest at Prime plus 1.50%, due on demand, and secured by a pledge of substantially all of the organization's assets.	<u>\$ 60,452</u>
---	------------------

Note Payable to Dell Financial Services, LP dated May 18, 2006 bearing interest at 2.0% due in 24 installments of 202.78 and secured by one Dell laptop computer.	<u>\$ 3,177</u>
---	-----------------

NOTE 4 CAPITAL LEASES

CARES has entered into capital leases for certain equipment. Obligations under these capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 16.3%. Amortization of these capital leases included in depreciation expense amounted to \$5,038 for the year ended December 31, 2006.

Future minimum lease payments under these capital leases are as follows:

2007	6,050
2008	<u>6,050</u>
Total minimum lease payments	12,100
Less: amount representing interest	<u>1,890</u>
Present value of future minimum lease payments	10,210
Less: current maturities:	<u>4,680</u>
	<u>\$ 5,530</u>

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 OPERATING LEASES

CARES entered into a non-cancelable operating lease for its office building as well as housing located upstairs. The original lease was renegotiated in March 2006 and a new lease agreement was entered into effective March 2006 and expires on March 31, 2008. CARES also leases some additional office space in a separate building related to its HIV/AIDS Prevention Program on a month to month basis.

Future minimum lease payments required under the non-cancelable operating lease is as follows:

2007	63,000
2008	15,750
	<u>\$ 78,750</u>

NOTE 6 CONCENTRATION OF CREDIT RISK

The majority of the CARES' revenues and accounts receivable are from contracts with the Louisiana Department of Health and Hospitals (DHH). The contracts are administered by DHH under programs which are funded primarily by federal government grants. If federal funding levels for the programs are reduced, or if the contracts are not renewed, the impact on CARES could be severe.

CARES places its cash with high quality financial institutions. At times amounts may be in excess of FDIC insurance limits.

NOTE 7 EMPLOYEE BENEFIT PLAN

CARES has a defined contribution salary deferral plan covering substantially all employees. Under the plan, CARES matches 100% of eligible employees' salary deferrals (match not to exceed 6% of employee salary). Pension expense incurred during 2006 was \$59,434.

**INTERNAL CONTROL, COMPLIANCE  
AND OTHER GRANT INFORMATION**

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Schedule Of Expenditures Of Federal Awards  
Year Ended December 31, 2006

Awarding Agency and Program Title	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	AMOUNTS TO SUBRECIPIENTS
<b><u>Department of Housing and Urban Development</u></b>			
Supportive Housing Program - Project Home Again I	14.235	\$ 117,544	\$ -
Supportive Housing Program - Project Home Again II	14.235	<u>239,505</u>	<u>-</u>
		357,049	-
Passed through the Louisiana Department of Health and Hospitals:			
Emergency Shelter Grants Program (A) (Lafayette Consolidated Government)	14.231	12,089	-
HOPWA	14.241	<u>95,238</u>	<u>-</u>
Totals for U.S. Department of Housing and Urban Development		<u>464,376</u>	<u>-</u>
<b><u>Department of Health and Human Services</u></b>			
Passed through the Louisiana Department of Health and Hospitals:			
HIV Care Formula Grants:			
Ryan White Program	93.917	622,783	-
HOPWA Program	93.917	<u>136,511</u>	<u>-</u>
		759,294	-
HIV/AIDS Prevention Program	93.940	1,313,165	-
HIV Prevention Services	93.940	<u>94,856</u>	<u>-</u>
		1,408,021	-
HIV/AIDS Surveillance Program	93.944	<u>853,783</u>	<u>-</u>
Totals for U.S. Department of Health and Human Hospitals		<u>3,021,098</u>	<u>-</u>
Total federal grants		<u>\$ 3,485,474</u>	<u>\$ -</u>

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of CARES and is presented on the same basis of accounting as described in Note 1 to the 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*.

# ***Kenneth T. Toups, CPA***

*A Limited Liability Company*

2511 Verot School Rd.

Lafayette, LA 70508

Phone (337) 993-0143 / Fax (337) 984-7608

Kenneth T. Toups

Member  
American Institute of CPA's  
Louisiana Society of CPA's

**Independent Auditor's Report on  
Compliance and Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards***

The Board of Directors  
Acadiana Concern for AIDS Relief, Education  
and Support, Inc.  
Lafayette, Louisiana

I have audited the financial statements of Acadiana Concern for AIDS Relief, Education, and Support, Inc. (CARES) (a nonprofit organization), as of and for the year ended December 31, 2006, and have issued my report thereon dated June 4, 2007. I conducted my 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

In planning and performing my audit, I considered CARES' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of CARES' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of CARES' internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiency (item 06-1) described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

**2511 Verot School Rd. \* Lafayette, LA 70508 \* Tel (337) 993-0143 \* Fax (337) 984-7608**



My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described in the schedule of findings and questioned costs is not a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether CARES' financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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, others within the organization, federal awarding agencies, pass-through entities and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
**Kenneth T. Toups, CPA**  
A Limited Liability Company

Lafayette, Louisiana  
June 4, 2007

# ***Kenneth T. Toups, CPA***

*A Limited Liability Company*

2511 Verot School Rd.

Lafayette, LA 70508

Phone (337) 993-0143 / Fax (337) 984-7608

Kenneth T. Toups

Member  
American Institute of CPA's  
Louisiana Society of CPA's

## **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133**

The Board of Directors  
Acadiana Concern for AIDS Relief, Education  
and Support  
Lafayette, Louisiana

### Compliance

I have audited the compliance of Acadiana Concern for AIDS Relief, Education, and Support, Inc. (CARES) (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 "*Compliance Supplement*" that are applicable to its major federal programs for the year ended December 31, 2006. CARES' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of CARES' management. My responsibility is to express an opinion on CARES' compliance based on my audit.

I conducted my 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 I 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 CARES' compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on CARES' compliance with those requirements.

In my opinion, CARES complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. The results of my auditing procedures did not disclose any instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133.

**2511 Verot School Rd. \* Lafayette, LA 70508 \* Tel (337) 993-0143 \* Fax (337) 984-7608**

### Internal Control Over Compliance

The management of CARES' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered CARES' internal control over compliance with requirements that could have a direct material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of CARES' internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified one deficiency in internal control over compliance that I consider to be a significant deficiency.

A control deficiency in the entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program in a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Item #06-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. I do not consider the deficiency listed in the accompanying schedule of findings and questioned costs to be a material weakness

My consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in CARES' internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, federal awarding agencies, pass-through entities and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
**Kenneth T. Toups, CPA**

A Limited Liability Company

Lafayette, Louisiana  
June 4, 2007

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2006

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on CARES' financial statements as of and for the year ended December 31, 2006.

Reportable Conditions - Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 06-1 in Part II, and this reportable condition is also considered to be a significant deficiency.

Material Noncompliance - Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Major Programs Identification

CARES' at December 31, 2006, had three major programs: HIV/AIDS Surveillance, which received funds from the Department of Health and Human Services "passed-through" the Louisiana Department of Health and Hospitals, HIV Prevention Activities, which received funds from the Department of Health and Human Services "passed-through" the Louisiana Department of Health and Hospitals, and the Ryan White HIV Formula Grants which received funds from the Department of Health and Human Services "passed-through" the Louisiana Department of Health and Hospitals.

Low-Risk Auditee

CARES is not considered a low-risk auditee for the year ended December 31, 2006.

Major Programs - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2006.

Auditor's Report - Major Programs

An unqualified opinion has been issued on CARES' compliance for its major programs as of and for the year ended December 31, 2006.

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Schedule of Findings and Questioned Costs (Continued)  
Year Ended December 31, 2006

Reportable Conditions - Major Programs

There was one reportable condition shown in Part III as item 06-1 noted during the audit of the major federal programs. This reportable condition is considered to be a significant deficiency.

Compliance Finding Related to Major Programs

There were no significant deficiencies or material weaknesses noted during testing of Compliance with Major Programs.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

06-1 Individual Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, CARES did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.

Part III Findings and Questioned Costs Relating to the Federal Programs

06-1 See description of finding in Part II (i.e., segregation of duties).

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Summary Schedule of 2005 Prior Audit Findings  
Year Ended December 31, 2006

- 05-1 Finding: Inadequate Segregation of Accounting Functions  
Status: This finding is unresolved. See current year finding 06-1.
- 05-2 Finding: Missing Quarterly Report  
Status: This finding has been resolved. Management now takes the appropriate action needed to insure all quarterly service reports are submitted to the Office of Public Health HIV/AIDS program as required by the Ryan White Formula Grants contract.
- 05-3 Finding: Recording of Units of Service  
Status: This finding has been resolved. Procedures have been implemented to better insure that all case managers correctly and accurately record their time in the monthly CAREWare worksheets and that they are cross-referenced to the CAREWare system to make sure the units are correct and match the worksheet entries. Case managers are held accountable to have their worksheets turned in each month and are accounted for and filed for record keeping on a monthly basis.

ACADIANA CONCERN FOR AIDS RELIEF,  
EDUCATION, AND SUPPORT, INC.

Management's Corrective Action Plan  
Year Ended December 31, 2006

Response to Finding 06-1:

No response is considered necessary.