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**NO/AIDS TASK FORCE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

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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 **MAR 26 2014**



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**NO/AIDS TASK FORCE**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

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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 financial statements of NO/AIDS Task Force (the Task Force), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements

**Management's 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 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 the *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 auditors' 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 opinion

**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, 2013 and 2012, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by the U S Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the 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 December 30, 2013, 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* in considering the Task Force's internal control over financial reporting and compliance.

*Porter, Lewin & Nettlesville*

New Orleans, Louisiana  
December 30, 2013

**NO/AIDS TASK FORCE**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2013 AND 2012**

**ASSETS**

|   | <u>2013</u>                 | <u>2012</u>                |
|---|-----------------------------|----------------------------|
| <b><u>ASSETS</u></b>  |                             |                            |
| Cash  | \$ 2,518,875                | \$ 2,631,464               |
| Reimbursements receivable   | 4,440,606                   | 4,855,167                  |
| Prepaid expenses  | 37,761                      | 14,815                     |
| Deposits  | 12,950                      | 12,950                     |
| Investments   | 5,023,437                   | 1,354,007                  |
| Investment in housing partnership   | 250,000                     | -                          |
| Equipment and leasehold improvements, less<br>accumulated depreciation and amortization | <u>968,811</u>              | <u>938,242</u>             |
| <b><u>TOTAL ASSETS</u></b>  | <b><u>\$ 13,252,440</u></b> | <b><u>\$ 9,806,645</u></b> |

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Accounts payable             | \$ 1,961,534     | \$ 1,656,352     |
| Accrued payroll              | 295,851          | 278,272          |
| Accrued compensated absences | 247,406          | 219,773          |
| Capital lease obligations    | -                | 5,287            |
| Notes payable                | <u>46,758</u>    | <u>108,436</u>   |
| Total liabilities            | <u>2,551,549</u> | <u>2,268,120</u> |

**NET ASSETS**

|  |                             |                            |
|--|-----------------------------|----------------------------|
| Unrestricted                                   | 10,695,511                  | 7,535,245                  |
| Temporarily restricted                         | <u>5,380</u>                | <u>3,280</u>               |
| Total net assets                               | <u>10,700,891</u>           | <u>7,538,525</u>           |
| <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b> | <b><u>\$ 13,252,440</u></b> | <b><u>\$ 9,806,645</u></b> |

The accompanying notes are an integral part of these statements

**NO/AIDS TASK FORCE**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

|  | <b><u>Unrestricted</u></b>  | <b><u>Temporarily<br/>Restricted</u></b> | <b><u>Total</u></b>         |
|--|-----------------------------|--|-----------------------------|
| <b><u>REVENUES AND OTHER SUPPORT</u></b>   |                             |  |                             |
| Grants and contracts                       | \$ 22,928,197               | \$ -                                     | \$ 22,928,197               |
| Pledges and contributions                  | 308,767                     | 2,100                                    | 310,867                     |
| Fund raising                               | 524,784                     | -  | 524,784                     |
| Other support and revenue                  | 187,038                     | -  | 187,038                     |
| Total public support and revenue           | <u>23,948,786</u>           | <u>2,100</u>                             | <u>23,950,886</u>           |
| <b><u>EXPENSES</u></b>                     |                             |  |                             |
| Program services                           | 18,966,904                  | -  | 18,966,904                  |
| Supporting services                        | 1,808,504                   | -  | 1,808,504                   |
| Total expenses                             | <u>20,775,408</u>           | <u>-</u>                                 | <u>20,775,408</u>           |
| <b><u>ALLOCATIONS</u></b>                  |                             |  |                             |
| Allocations to other AIDS related agencies | <u>13,112</u>               | <u>-</u>                                 | <u>13,112</u>               |
| <b><u>CHANGE IN NET ASSETS</u></b>         | 3,160,266                   | 2,100                                    | 3,162,366                   |
| Net assets, beginning of year              | <u>7,535,245</u>            | <u>3,280</u>                             | <u>7,538,525</u>            |
| Net assets, end of year                    | <u><u>\$ 10,695,511</u></u> | <u><u>\$ 5,380</u></u>                   | <u><u>\$ 10,700,891</u></u> |

The accompanying notes are an integral part of this statement

**NO/AIDS TASK FORCE**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2012**

|  | <b><u>Unrestricted</u></b> | <b><u>Temporarily<br/>Restricted</u></b> | <b><u>Total</u></b> |
|--|----------------------------|--|---------------------|
| <b><u>REVENUES AND OTHER SUPPORT</u></b> |                            |  |                     |
| 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>   |
| <b><u>EXPENSES</u></b>                   |                            |  |                     |
| Program services                         | 16,289,839                 | -  | 16,289,839          |
| Supporting services                      | 1,661,218                  | -  | 1,661,218           |
| Total expenses                           | <u>17,951,057</u>          | <u>-</u>                                 | <u>17,951,057</u>   |
| <b><u>OTHER</u></b>                      |                            |  |                     |
| Loss on disposal of assets               | 143,983                    | -  | 143,983             |
| Total other                              | <u>143,983</u>             | <u>-</u>                                 | <u>143,983</u>      |
| <b><u>CHANGE IN NET ASSETS</u></b>       | 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 this statement



**NO/AIDS TASK FORCE**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2013**

|   | Program Services |                      |                 |                   |                  |              |                             |              |            |               | Supporting Services    |              |              |                |
|---|------------------|----------------------|-----------------|-------------------|------------------|--------------|-----------------------------|--------------|------------|---------------|------------------------|--------------|--------------|----------------|
|   | Education        | Primary Medical Care | Care Management | Behavioral Health | Food for Friends | Housing      | Housing Supportive Services | Medication   | AIDS/Law   | Total         | Management and General | Fund Raising | Total        | Total Expenses |
| Salaries  | 891,556          | 1,494,767            | 778,884         | 385,736           | 85,948           | 315,698      | 1,171,264                   | 117,671      | 220,471    | \$ 5,461,995  | 825,774                | 173,170      | \$ 998,944   | \$ 6,460,939   |
| Employee health and benefits                                  | 174,307          | 207,497              | 176,259         | 69,433            | 19,032           | 42,381       | 273,680                     | 28,481       | 33,557     | 1,024,627     | 139,481                | 40,126       | 179,607      | 1,204,234      |
| Payroll taxes   | 67,918           | 106,251              | 59,352          | 29,937            | 6,557            | 20,176       | 93,125                      | 9,002        | 15,227     | 407,545       | 55,396                 | 13,247       | 68,643       | 476,188        |
| Total salaries and related expenses                           | 1,133,781        | 1,808,515            | 1,014,495       | 485,106           | 111,537          | 378,255      | 1,538,069                   | 155,154      | 269,255    | 6,894,167     | 1,020,651              | 226,543      | 1,247,194    | 8,141,361      |
| Fees and contract expenses                                    | 46,951           | 345,338              | 27,919          | 147,613           | 513              | 14,344       | 28,312                      | 950          | 50,535     | 662,475       | 68,620                 | 1,425        | 70,045       | 732,520        |
| Supplies and materials  | 93,583           | 63,115               | 16,409          | 13,529            | 232,257          | 34,953       | 19,615                      | 1,615        | 4,338      | 479,414       | 11,721                 | 37,175       | 48,896       | 528,310        |
| Telephone   | 17,724           | 7,836                | 12,459          | 4,934             | 961              | 7,708        | 45,231                      | 551          | 4,187      | 101,591       | 5,067                  | 1,802        | 6,869        | 108,460        |
| Postage   | 3,332            | 2,988                | 6,755           | 1,983             | 342              | 623          | 5,948                       | 487          | 661        | 23,119        | 2,574                  | 4,135        | 6,709        | 29,828         |
| Occupancy   | 84,055           | 73,434               | 75,217          | 57,156            | 11,471           | 41,619       | 122,670                     | 10,392       | 23,987     | 500,001       | 51,960                 | 15,588       | 67,548       | 567,549        |
| Equipment costs   | 26,911           | 35,587               | 18,862          | 14,127            | 3,157            | 11,402       | 23,551                      | 2,853        | 4,955      | 141,405       | 11,724                 | 3,669        | 15,393       | 156,798        |
| Transportation  | 2,544            | 1,083                | 16,130          | 691               | 750              | 11,402       | 33,412                      | -            | 4,783      | 70,795        | 1,065                  | 695          | 1,760        | 72,555         |
| Conference  | 25,836           | 22,196               | 10,224          | 2,888             | -                | 1,676        | 3,374                       | 2,556        | 2,462      | 71,212        | 27,173                 | 9,972        | 37,145       | 108,357        |
| Printing and media  | -                | -                    | -               | -                 | -                | -            | -                           | -            | -          | -             | -                      | 25,795       | 25,795       | 25,795         |
| Client assistance   | -                | 174,558              | 174,760         | -                 | -                | 702,639      | 14,122                      | -            | -          | 1,066,079     | -                      | -            | -            | 1,066,079      |
| Medication  | -                | 27,664               | -               | -                 | -                | -            | -                           | 8,004,076    | -          | 8,031,740     | -                      | -            | -            | 8,031,740      |
| Insurance   | 16,239           | 57,460               | 13,150          | 6,588             | 2,831            | 5,822        | 15,320                      | 1,838        | 5,159      | 124,407       | 11,337                 | 2,451        | 13,788       | 138,195        |
| Lab tests   | 9,029            | 391,657              | -               | -                 | -                | -            | -                           | -            | -          | 400,686       | -                      | -            | -            | 400,686        |
| Advertising and community support                             | 3,960            | 6,739                | 3,229           | 1,550             | 2,984            | 1,037        | 3,709                       | 346          | 837        | 24,391        | 10,826                 | 59,858       | 70,684       | 95,075         |
| Site expenses   | -                | -                    | -               | -                 | -                | -            | -                           | -            | -          | -             | -                      | 86,448       | 86,448       | 86,448         |
| Entertainment and volunteer recognition                       | 2,772            | -                    | -               | -                 | -                | -            | -                           | -            | 75         | 2,847         | -                      | 956          | 956          | 3,803          |
| Continuing education  | 4,189            | 39,664               | 9,025           | 3,368             | 196              | 249          | 2,787                       | -            | 79         | 59,557        | 7,633                  | 3,500        | 11,133       | 70,690         |
| Miscellaneous   | 242              | 18,203               | 1,318           | 383               | -                | 2,550        | 3,295                       | 1,150        | 2,805      | 29,946        | 31,351                 | 13,488       | 44,839       | 74,785         |
| Total expenses before depreciation, amortization and interest | 1,471,148        | 3,076,037            | 1,399,952       | 739,916           | 366,999          | 1,214,279    | 1,859,415                   | 8,181,968    | 374,118    | 18,683,832    | 1,261,702              | 493,500      | 1,755,202    | 20,439,034     |
| Depreciation and amortization                                 | 57,382           | 53,051               | 44,390          | 23,278            | 5,413            | 20,571       | 54,134                      | 6,496        | 14,867     | 279,582       | 40,059                 | 8,661        | 48,720       | 328,302        |
| Interest  | -                | 150                  | 5               | -                 | -                | -            | 3,335                       | -            | -          | 3,490         | 4,582                  | -            | 4,582        | 8,072          |
| Total expenses  | \$ 1,528,530     | \$ 3,129,238         | \$ 1,444,347    | \$ 763,194        | \$ 372,412       | \$ 1,238,185 | \$ 1,913,549                | \$ 8,188,464 | \$ 388,985 | \$ 18,966,904 | \$ 1,306,343           | \$ 502,161   | \$ 1,808,504 | \$ 20,775,408  |

The accompanying notes are an integral part of this statement.

**NO/AIDS TASK FORCE**

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

|   | Program Services |                      |                 |                   |                  |              |                             |              |            |               | Supporting Services    |              |              |                |
|---|------------------|----------------------|-----------------|-------------------|------------------|--------------|-----------------------------|--------------|------------|---------------|------------------------|--------------|--------------|----------------|
|   | 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        | Total Expenses |
| 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           | 82,765               | 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   | 2,030            | 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 | \$ 16,289,839 | \$ 1,185,516           | \$ 475,702   | \$ 1,661,218 | \$ 17,951,057  |

The accompanying notes are an integral part of this statement.

**NO/AIDS TASK FORCE**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2013 AND 2012**

|   | <u>2013</u>         | <u>2012</u>         |
|---|---------------------|---------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>  |                     |                     |
| Change in net assets  | \$ 3,162,366        | \$ 2,645,307        |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities |                     |                     |
| Depreciation and amortization   | 328,302             | 316,538             |
| Unrealized gain on investments  | (6,657)             | -                   |
| Loss on disposal of assets  | -                   | 143,983             |
| Changes in assets and liabilities:  |                     |                     |
| Reimbursements receivable   | 414,561             | (2,122,873)         |
| Prepaid expenses  | (22,946)            | 2,724               |
| Accounts payable  | 305,182             | (80,704)            |
| Accrued expenses  | 45,212              | 71,068              |
| Reimbursable advance  | -                   | (54,092)            |
| Net cash provided by operating activities   | <u>4,226,020</u>    | <u>921,951</u>      |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>  |                     |                     |
| Purchase of equipment and leasehold improvements  | (358,871)           | (348,750)           |
| Purchase of investments   | (3,862,113)         | (1,354,007)         |
| Investment in housing partnership   | (250,000)           | -                   |
| Proceeds from sale of investments   | 199,340             | 949,548             |
| Net cash used in investing activities   | <u>(4,271,644)</u>  | <u>(753,209)</u>    |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>  |                     |                     |
| Change in line of credits   | -                   | (29,995)            |
| Payments on capital lease obligation  | (5,287)             | (14,518)            |
| Payments on note payable  | (61,678)            | (33,548)            |
| Net cash used in financing activities   | <u>(66,965)</u>     | <u>(78,061)</u>     |
| Change in cash  | (112,589)           | 90,681              |
| Cash at beginning of year   | 2,631,464           | 2,540,783           |
| Cash at end of year   | <u>\$ 2,518,875</u> | <u>\$ 2,631,464</u> |
| <b><u>SUPPLEMENTAL DISCLOSURE</u></b>   |                     |                     |
| Interest paid   | <u>\$ 8,072</u>     | <u>\$ 9,043</u>     |
| <b><u>NON-CASH TRANSACTION</u></b>  |                     |                     |
| Merger with AIDS Law  | <u>\$ -</u>         | <u>\$ 8,783</u>     |

The accompanying notes are an integral part of these statements

**NO/AIDS TASK FORCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**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 primary care clinic which provides comprehensive medical care to over 1,400 HIV-infected or exposed individuals. In the clinic, the Task Force employs two full-time and one part-time physician, two full-time nurse practitioners, five full-time registered nurses, one full-time medical assistant and one phlebotomist. 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, 2013 AND 2012

#### **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. The intent of the 340B program is to permit the covered entity to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. Revenues of \$13,037,780 and \$8,631,593 and related expenses of \$7,706,136 and \$5,106,102 were recognized in 2013 and 2012, 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.

## NO/AIDS TASK FORCE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

#### **1. Summary of Significant Accounting Policies (continued)**

##### Basis of Presentation (continued)

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.

##### 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, 2012, and June 30, 2011 remain open and subject to examination by taxing authorities. The tax return for the year ended June 30, 2013 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 the accompanying financial statements at both June 30, 2013 or 2012.

## NO/AIDS TASK FORCE

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

#### **1. Summary of Significant Accounting Policies (continued)**

##### Investments

Investment balances, at fair value, were \$5,023,437 and \$1,354,007 as of June 30, 2013 and 2012, respectively. Investments consists primarily of a money market fund and bond and income mutual funds. Investments are stated at fair value in the accompanying statements of financial position (see Note 7). 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, 2013 and 2012, unrealized gains on investments of \$11,324 and \$4,008, respectively, were accrued and recognized in the accompanying statements of financial position.

##### 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.

##### Investment in housing partnership

In June, 2013, the Task Force advanced \$250,000 to a limited liability company as an investment with a community housing developer, to build housing units serving a client population consistent with the Task Force's mission. The amount is being accounted for as an equity method investment in the accompanying financial statements.

##### 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.

**NO/AIDS TASK FORCE**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**1. Summary of Significant Accounting Policies (continued)**

**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 2013 and 2012, 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, 2013 and 2012, was \$23,588 and \$32,734, 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.

**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 as well as care and treatment services available.

**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 significant estimates include those regarding the fair value of donated materials and services and consideration of allowances for reimbursements receivable.

**2. Equipment and Leasehold Improvements**

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

|   | <u>Useful Life</u> | <u>2013</u>       | <u>2012</u>       |
|---|--------------------|-------------------|-------------------|
| Computer equipment and software                 | 3 to 5 years       | \$ 808,520        | \$ 649,963        |
| Office furniture, fixtures and equipment        | 3 to 5 years       | 439,934           | 421,339           |
| Leasehold improvements                          | 3 to 5 years       | 654,331           | 491,878           |
| Mobile medical unit                             | 10 years           | 210,000           | 210,000           |
| Building  | 30 years           | 93,000            | 93,000            |
| Land  | -                  | <u>23,000</u>     | <u>23,000</u>     |
|   |                    | 2,228,785         | 1,889,180         |
| Less: Accumulated depreciation and amortization |                    | <u>1,259,974</u>  | <u>950,938</u>    |
|   |                    | <u>\$ 968,811</u> | <u>\$ 938,242</u> |



**NO/AIDS TASK FORCE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013 AND 2012**

**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, 2013 and 2012. 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 2013. This line of credit carries interest based on the LIBOR rate plus 3.008% and matures in February 2014.

**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 2013 and 2012 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 was \$3,942. During 2013, the item became fully amortized with no further lease payments.

**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 \$46,758 and \$62,323 at June 30, 2013 and 2012, 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 balance related to this loan was \$46,113 at June 30, 2012. During 2013, the remaining balance on this loan was paid in full.

Maturities of the notes payable for fiscal years subsequent to June 30, 2013 are as follows.

|      |        |
|------|--------|
| 2014 | 16,591 |
| 2015 | 17,605 |
| 2016 | 12,562 |

**NO/AIDS TASK FORCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**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. Beginning February 2013, the lease is on a month to month basis. 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 \$558,000 and \$538,800 for the years ended June 30, 2013 and 2012, 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 95% and 96% of the Task Force's total support and revenue for fiscal 2013 and 2012, respectively. In addition, the balance of reimbursements receivable is comprised primarily of government grants at both June 30, 2013 and 2012.

**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 \$2,604,233 and \$1,381,000 at June 30, 2013 and 2012, respectively.

**6. 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 \$172,000 and \$159,000 for the years ended June 30, 2013 and 2012, respectively.

**NO/AIDS TASK FORCE**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**7. Fair Value Measurements**

The fair value measurement standards 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.

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2013 by fair value measurements valuation hierarchy.

|                         | Level 1             | Level 2     | Level 3     | Total               |
|-------------------------|---------------------|-------------|-------------|---------------------|
| Debt and Equity Fund:   |                     |             |             |                     |
| Conservative Allocation | \$ 1,959,185        | \$ -        | \$ -        | \$ 1,959,185        |
| Fixed Income Funds      |                     |             |             |                     |
| Government Securities   | 675,596             | -           | -           | 675,596             |
| Corporate Bonds         | 940,943             |             |             | 940,943             |
| Multisector Bonds       | 488,174             |             |             | 488,174             |
| Non Traditional Bond    | 292,822             | -           | -           | 292,822             |
| Corporate Bank Loan     | 400,782             | -           | -           | 400,782             |
| Money Market            | 265,935             | -           | -           | 265,935             |
| Total                   | <u>\$ 5,023,437</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,023,437</u> |

**NO/AIDS TASK FORCE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**7. Fair Value Measurements (continued)**

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 by fair value measurements valuation hierarchy

|                       | Level 1             | Level 2     | Level 3     | Total               |
|-----------------------|---------------------|-------------|-------------|---------------------|
| Fixed Income Funds    |                     |             |             |                     |
| Government Securities | 251,168             | -           | -           | 251,168             |
| Corporate Bonds       | 605,096             |             |             | 605,096             |
| Multisector Bonds     | 248,975             |             |             | 248,975             |
| Corporate Bank Loan   | 248,768             | -           | -           | 248,768             |
| Total                 | <u>\$ 1,354,007</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,354,007</u> |

**8. Allocation of Joint Costs**

During fiscal years 2013 and 2012, 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>2013</u>      | <u>2012</u>      |
|-------------------------|------------------|------------------|
| Fund Raising            | \$ 578           | \$ 925           |
| Management – general    | 3,057            | 2,081            |
| Program Services.       |                  |                  |
| Education               | 3,001            | 3,006            |
| Primary Medical Care    | 11,586           | 12,626           |
| Case Management         | 10,547           | 13,320           |
| Mental Health           | 865              | 2,081            |
| Food for Friends        | 404              | 231              |
| Housing/Peer Support    | 3,579            | 6,938            |
| Legal Services          | 634              | -                |
| Medication              | 808              | 1,156            |
| Total                   | <u>\$ 35,059</u> | <u>\$ 42,364</u> |

**9. Louisiana Legislative Auditor's Review**

The Task Force's financial records are currently under a limited review status by the Louisiana Legislative Auditor's (the LLA) office. The LLA has not yet concluded or issued any reports relative to their limited review as of the date of issuance of this independent audit report. The effects of any findings or subsequent conclusions from the LLA's limited review are unknown as of this report date and are not included or recognized in these financial statements.

**NO/AIDS TASK FORCE**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013 AND 2012**

**10. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 30, 2013, 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, 2013

| <u>Grantor/Pass Through Grantor/Program Title</u>   | <u>CFDA<br/>Number</u> | <u>Disbursements/<br/>Expenditures</u> |
|---|------------------------|--|
| <b><u>UNITED STATES DEPARTMENT OF<br/>HEALTH AND HUMAN SERVICES</u></b>   |                        |  |
| Public Health Service Centers for Disease Control and Prevention -<br>HIV Prevention Programs and CBOS  | 93 939                 | \$ 388,080                             |
| Public Health Service Centers for Disease Control and Prevention -<br>HIV Prevention Programs and CBOS  | 93 939                 | 267,558                                |
| Substance Abuse & Mental Health Services Administration<br>Center for Substance Abuse Treatment   | 93 243                 | 447,452                                |
| Health Resources and Services Administration<br>Ryan White Part C Outpatient EIS Program  | 93 918                 | 386,371                                |
| Public Health Service Office of Minority Health<br>Family and Community Violence Prevention Program   | 93 910                 | 244,410                                |
| Public Health Service Centers for Disease Control and Prevention -<br>Preventive Health Services - STD Control                                    | 93 977                 | 8,060                                  |
| Health Resources and Services Administration<br>Community Health Center Planning Grant  | 93 527                 | 27,035                                 |
| <b><u>Pass through,</u></b>   |                        |  |
| <b><u>Mayor's Office of Health Policy</u></b>   |                        |  |
| Ryan White C.A.R.E. Act Title I Funds<br>HIV Emergency Relief Formula Grants  | 93 914                 | 2,640,175                              |
| Ryan White C.A.R.E. Act Title I Funds<br>HIV Emergency Relief Formula Grants  | 93 914                 | 153,100                                |
| Ryan White C.A.R.E. Act Title I Funds<br>HIV Emergency Relief Formula Grants  | 93 914                 | 164,592                                |
| Ryan White C.A.R.E. Act Title II Funds<br>HIV Emergency Relief Formula Grants   | 93 917                 | 318,324                                |
| <b><u>City of Baton Rouge</u></b>   |                        |  |
| Ryan White C.A.R.E. Act Title I Funds<br>HIV Emergency Relief Formula Grants  | 93 914                 | 90,397                                 |
| <b><u>Louisiana Department of Health and Hospitals</u></b>  |                        |  |
| Office of Public Health - HIV/AIDS Services<br>Acquired Immunodeficiency Syndrome (AIDS) Activity   | 93 118                 | 204,460                                |
| Office of Public Health - HIV/AIDS Services<br>HIV Behavioral Surveillance System Grant   | 93 944                 | 264,934                                |
| <b><u>Louisiana Children's Hospital</u></b>   |                        |  |
| Hospital's Family Advocacy, Care and Education Services<br>Coordinated Services and Access to Research for Women, Infants,<br>Children, and Youth | 93 153                 | 86,614                                 |
| <b><u>Unity of Greater New Orleans, Inc</u></b>   |                        |  |
| Substance Abuse & Mental Health Services Administration<br>Center for Substance Abuse Treatment   | 93 243                 | 184,153                                |
| <b><u>Louisiana State University Health and Science Center</u></b>  |                        |  |
| LSUHSC Minority-Based Community Clinical Oncology Program<br>Cancer Treatment Research  | 93 395                 | 62,913                                 |
| <b><u>UNITED STATES DEPARTMENT OF<br/>HOUSING AND URBAN DEVELOPMENT</u></b>   |                        |  |
| <b><u>Pass through,</u></b>   |                        |  |
| <b><u>City of New Orleans Division of Housing and Neighborhood Development</u></b>  |                        |  |
| Housing Opportunities for Persons with AIDS   | 14 241                 | 721,996                                |
| <b><u>Unity of Greater New Orleans, Inc</u></b>   |                        |  |
| Housing Opportunities for Persons with AIDS   | 14 241                 | 132,902                                |
| <b><u>Louisiana Department of Health and Hospitals</u></b>  |                        |  |
| Office of Public Health   | 14 241                 | 109,339                                |
| <b><u>City of New Orleans Division of Housing and Neighborhood Development</u></b>  |                        |  |
| Supportive Housing Program  | 14 235                 | 44,151                                 |
| <b><u>Louisiana Department of Health and Hospitals</u></b>  |                        |  |
| Office of Aging and Adult Services - Permanent Supportive Housing   | 14 218                 | 1,881,546                              |
| <b><u>TOTAL FEDERAL AWARDS</u></b>  |                        | <b><u>\$ 8,828,562</u></b>             |

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, 2013**

**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 2013, 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              | \$ 8,828,562         |
| 340B Drug Pricing Program (non-federal) | 13,037,780           |
| Other (non-federal)                     | <u>1,061,855</u>     |
| Total grants and contracts              | <u>\$ 22,928,197</u> |



**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**

To the Board of Directors of  
NO/AIDS Task Force  
New Orleans, 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 NO/AIDS Task Force's (the Task Force) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2013

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Task Force's internal control over financial reporting (internal control) to determine the audit 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 Task Force's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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. 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 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 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 Task Force's financial statements are free from 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*



**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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Nettville*

New Orleans, Louisiana  
December 30, 2013

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

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

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

We have audited NO/AIDS Task Force's (the Task Force) (a nonprofit organization) 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 the Task Force's major federal programs for the year ended June 30, 2013. The Task Force's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Task Force'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Task Force's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Task Force 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 June 30, 2013

**Report on Internal Control Over Compliance**

Management of the Task Force 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 Task Force's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 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. 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.

*Postlethwaite & Holtzville*

New Orleans, Louisiana  
December 30, 2013

NO/AIDS TASK FORCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

**(1) Summary of Auditors' Results**

*Financial Statements*

The type of report issued on the financial statements. unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? none reported

Noncompliance material to the financial statements noted? no

*Federal Awards*

Internal controls over major programs:

- Material weakness(es) identified? no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: unmodified opinion

Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133? no

**Major programs**

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>   |
|--------------------|---|
| 14.218             | Office of Aging and Adult Services -<br>Permanent Supportive Housing                                |
| 93.243             | Substance Abuse and Mental Health Services Administration -<br>Center for Substance Abuse Treatment |
| 93.917             | Ryan White C A R E. Act Title II Funds -<br>HIV Emergency Relief Formula Grants                     |
| 93 918             | Health Resources and Services Administration -<br>Ryan White Part C Outpatient EIS Program          |

**NO/AIDS TASK FORCE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2013**

Dollar threshold used to distinguish between Type A and  
Type B programs: \$300,000

Auditee qualified as a low-risk auditee under Section 530 of  
OMB Circular A-133 yes

**(2) Findings Relating to the Financial Statements Reported in  
Accordance with *Government Auditing Standards*:** none

**(3) Findings and Questioned Costs relating to Federal Awards:** none

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

In planning and performing our audit of the financial statements of the NO/AIDS Task Force (a nonprofit organization)(the Task Force) as of and for the years ended June 30, 2013 and 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Task Force's internal control over financial reporting (internal control) 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 Task Force's internal control. Accordingly, we do not express an opinion on the effectiveness of the Task Force's internal control

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The items listed below summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 30, 2013 on the financial statements of the Task Force. The Task Force's responses to our comments are described below. We did not audit the Task Force's responses and, accordingly, we express no opinion on the responses.

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 Task Force 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:

**2013-1 Federal Program Housing Needs Assessments**

The grant agreement for the Permanent Supportive Housing program calls for the Task Force to perform a series of assessments on its clients and also produce quarterly and annual reports. During our testing, we noted a total of seven clients that did not have documentation of all required assessments being performed which include a housing needs assessment, current housing support plan, and individualized crisis intervention and prevention plan. However, there was a record of all client contacts including client name, proof of identity, and notes describing service interventions.

In addition to the missing assessments, we also noted that the Task Force only produced quarterly and annual reports pertaining to the calendar year 2012 and none for the first and second quarters of calendar year 2013. However, in discussion with The Task Force's director of housing, who is also the person in charge of compliance with this grant, and correspondence with the Louisiana State Program Director of the DHH Permanent Support Housing Program, the Task Force had received notice verbally that the quarterly reports were not required for 2013. This is related to transition of certain aspects of the program to a state-selected organization, Magellan Corp. The Task Force noted that they have an unsigned amendment for the program grant document with an effective date of May 7, 2013 documenting the change.

We recommend that to ensure clear documentation of its grant responsibilities, the Task Force obtain properly authorized amendments in final form from granting agencies for all changes in requirements of the grants prior to ceasing performance of those requirements called for in the grants. In addition all assessments of clients under the grant programs should be documented as specified in the grant.

### **Management's Response**

The Task Force is in agreement with our recommendation and is seeking written clarification from the Permanent Supportive Housing granting agency

### **2013-2 Federal Program Services Agreements**

During our reconciliation process we noted that the Task Force reduced its revenue from federal grants by \$47,427. Upon further inquiry it appears the Task Force entered into a written limited scope of service agreement with Priority Health Care, Inc. and LSU Health Sciences Center HIV Outpatient Program to provide services to eligible HIV positive individuals. The Task Force retained responsibility for all services. The funding agency of the grant was aware of the arrangement, but written consent was not obtained. Grant language contains an assignability clause that the contractor shall not assign any interest in this agreement and shall not transfer any interest in the same without prior written consent of the City of New Orleans.

We recommend that the Task Force obtain properly authorized written approvals for any third party agreements that they might enter into in the future.

### **Management's Response**

The Task Force is in agreement with our recommendation and will seek written approval for agreements in the future.

### **2013-3 Credit Card Usage**

Inquiry and review of the Task Force's check registers indicated payments to American Express and Visa totaling approximately \$470,000. The Task Force has 7 American Express and 12 Visa credit cards issued in its name which are held by 13 employees who are directors of various departments within the Task Force. These cards are used for travel related to seminars and conferences, purchases of gasoline, supplies and equipment, and payment of various service plans, etc. Procedures require that invoices and receipts be submitted supporting the monthly statements received from the credit card company. These receipts are reviewed and approved by the chief financial officer as part of the monthly reconciliation/close process. Although payments approximate only 22% of total expenses of the Task Force, we recommend that the number of cards issued and used be limited only to those to whom it is necessary for the proper functioning of the Task Force.

Use of credit cards are appropriate in some instances and can be beneficial to the functioning of the Task Force's operations. The Task Force should review its existing credit card policy and consider board to ensure that card use is properly monitored for the current level of spending and is in accordance with good governance objectives.

### **Management's Response**

The Task Force agrees with this recommendation and will seek to limit the number of cards issued to only personnel whereby Task Force activities require it. They will also seek to further limit the usage of those cards which are found to be necessary. In addition, Management noted that over \$150,000 of the total amounts charged were for fees associated with new electronic health records, including new physician licenses, license renewals, monthly third party billing and interface software. Using a credit card as payment for these services allowed the agency to receive a two percent discount on these expenses.

### **2013-4 Walmart Gift Cards**

During our inquiry of processes and controls at the Task Force, it was noted that the Task Force issued \$100 Walmart gift cards to individuals deemed to have emergency needs. As part of the process, the recipient issued the card was supposed to bring supporting invoices back to the Task Force showing that the purchases were for emergency supplies or services the individual required. The Task Force experienced difficulty with some recipients not returning all receipts of purchases. Total expenditures for this program which began in 2012 totaled approximately \$5,000.

We recommended that given the challenges to obtaining proper documentation related to the use of the cards, that the Task Force cease the use of these Walmart gift cards.

### **Management's Response**

The Task Force agrees with this comment. The Task Force informed us that this program ceased in August, 2013.

### **2013-5 Vacation Accruals**

The employee handbook limits the amount of vacation days that an employee is allowed to accrue to thirty days. During our testing, we noted four employees who had vacation accruals in excess of thirty days. The total excess accrual amounted to \$19,067, of which \$17,616 related to one employee.

We recommend that the Task Force enhance its procedures in the payroll department where vacation accrual is reviewed for accuracy in each pay period. Management should investigate the specific overaccruals and correct the balances as appropriate.

### **Management's Response**

The Task Force agrees with comment. Procedures are being implemented to improve the review process to prevent this from occurring again in the future. Recoupment of this balance is being considered through reduction of the staff member's accumulated sick leave or future vacation time.

We wish to thank the chief financial officer and her department for their support and assistance during our audit.



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

*Port Lefevre & Nutterville*

New Orleans, Louisiana  
December 30, 2013