

NOAA'S TASK FORCE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - OPERATING LEASES (cont'd)

Minimum lease payments under the terms of the administrative and operational facility lease agreements as of June 30, 1996 are:

1997	\$ 83,608
1998	<u>47,308</u>
	<u>\$131,308</u>

Rental expense relating to these leases was \$45,934 for the year ended June 30, 1996.

NOTE 5 - PENSION PLAN

The Task Force provides a simplified employee 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 three percent of the employees' current gross eligible compensation. Contributions to the plan totaled \$21,613 for the year ended June 30, 1996.

NOTE 6 - JOINT COSTS

During the year ended June 30, 1996, the Task Force incurred joint costs of approximately \$60,000 for informational materials and activities that included fund raising appeals. Of these costs, approximately \$4,200 was allocated to fund-raising expense, with the remainder being allocated among the Task Force's programs on the basis of the number of personnel. Postage, printing and publications relating to the Task Force's monthly news publication comprise the total of these joint costs.

To the Board of Directors of
the NOAAIDS Task Force
New Orleans, Louisiana

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the NOAAIDS Task Force in a separate letter dated August 28, 1996.

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

Ligia E. Matrone

August 30, 1996

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NO/AIDS TASK FORCE
FINANCIAL STATEMENTS
JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 DEC 04 1996

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**INDEPENDENT AUDITORS' REPORT ON
BASIC FINANCIAL STATEMENTS AND
ACCOMPANYING SCHEDULES**

To the Board of Directors of
NOVAIDS Task Force
New Orleans, Louisiana

We have audited the accompanying statement of financial position of NOVAIDS Task Force (the "Task Force") as of June 30, 1996, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Task Force as of June 30, 1996, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 30, 1996, on our consideration of the Task Force's internal control structure and a report dated August 30, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Task Force taken as a whole. The accompanying Schedule of Federal Awards for the year ended June 30, 1996, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material aspects in relation to the basic financial statements taken as a whole.

Lynn B. Martine

August 30, 1996

INVAIDS TASK FORCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1986

ASSETS	
Cash	\$ 132,328
Certificates of deposit	30,166
Reimbursements receivable	233,263
Prepaid expenses	10,832
Other current assets	15,000
Equipment and leasehold improvements, less accumulated depreciation and amortization	190,008
Other noncurrent assets	9,396
Total assets	\$ 563,193
LIABILITIES AND NET ASSETS	
Trade accounts payable	\$ 49,922
Accrued expenses	71,699
Total liabilities	121,621
Net Assets:	
Unrestricted	358,810
Temporarily restricted	82,742
Total net assets	441,552
Total liabilities and net assets	\$ 563,193

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

**NOAIDS TASK FORCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1996**

	Temporarily		Total
	Unrestricted	Restricted	
Public support and revenue:			
Grants and contracts		\$ 1,624,623	\$ 1,624,623
Fundraising	\$ 685,964		685,964
Fledges	351,622		351,622
Other support and revenue	65,447		65,447
Net assets released from restrictions:			
Satisfaction of program restrictions	1,601,417	(1,601,417)	
Expiration of time restrictions	3,086	(2,886)	
Total public support and revenue	<u>2,698,336</u>	<u>20,320</u>	<u>2,678,056</u>
Expenses:			
Program services	1,963,462		1,963,462
Support services	696,778		696,778
Total expenses	<u>2,660,240</u>		<u>2,660,240</u>
Alterations:			
Allocations to other AIDS related agencies	48,000		48,000
CHANGE IN NET ASSETS	<u>69,726</u>	<u>21,138</u>	<u>90,864</u>
Net Assets, Beginning of Year	<u>444,556</u>	<u>61,622</u>	<u>506,178</u>
Net Assets, End of Year	<u>\$ 514,282</u>	<u>\$ 82,760</u>	<u>\$ 597,042</u>

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

**2022-2023 FISCAL YEAR PROJECTS
DEPARTMENT OF ELECTRICAL ENGINEERING
TOTAL BUDGET \$3,021,100**

	Project Services					Supporting Services					Total Expenses 2022
	Estimate	Line Item/Account Special Funds	Version	Base/Fund Project	Actual Base/Fund	Construction Estimate	Supporting Estimate	Total	Supporting and Travel	Total	
Grants	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000			\$1,000,000		\$1,000,000	\$1,000,000
Employer/contractor development grants	20-240	6470	6340	6370	6410			6410		6410	6410
Equipment	20-240	6470	6340	6370	6410			6410		6410	6410
20-247	6610	1790	1790	1800	1810			1810		1810	1810
Non-Instructional Expenses	17,000	56,000	3,000	1,400	2,300			2,300		2,300	2,300
Expenses not covered	21-200	6200	500	1800	900			900		900	900
Contract	4-100	200	600	200	1,000			1,000		1,000	1,000
Supply	4-100	400	400	500	2,000			2,000		2,000	2,000
20-200	2070	2070	2070	1210	1100			1100		1100	1100
Equipment cost	2070	1400	1400	1410	900			900		900	900
Equipment cost	2070	1400	1400	1410	900			900		900	900
Construction	2070	1400	1400	1410	900			900		900	900
Printing and mail	2070	1400	1400	1410	900			900		900	900
Noninstructional services	2070	1400	1400	1410	900			900		900	900
Travel	2070	1400	1400	1410	900			900		900	900
Learning and development	2070	1400	1400	1410	900			900		900	900
Equipment	2070	1400	1400	1410	900			900		900	900
Construction and equipment	2070	1400	1400	1410	900			900		900	900
Construction	2070	1400	1400	1410	900			900		900	900
Total Expenses	\$1,017,000	\$1,056,000	\$1,003,000	\$1,001,400	\$1,002,300			\$1,002,300		\$1,002,300	\$1,002,300
Project Services	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000			\$1,000,000		\$1,000,000	\$1,000,000
Supporting Services	\$17,000	\$56,000	\$3,000	\$1,400	\$2,300			\$2,300		\$2,300	\$2,300
Total Expenses	\$1,017,000	\$1,056,000	\$1,003,000	\$1,001,400	\$1,002,300			\$1,002,300		\$1,002,300	\$1,002,300

The program expenses are reported in the General account.

**NOAIDS TASK FORCE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1996**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (54,600)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	54,961
Donated current assets	(15,000)
Loss on disposition of equipment	4,684
Changes in assets and liabilities:	
Reimbursements receivable	133,027
Prepaid expenses	(3,393)
Other noncurrent assets	(980)
Trade accounts payable	(25,764)
Accrued expenses	48,878
Deferred revenue	(18,829)
Net cash provided by operating activities	<u>65,321</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of equipment and leasehold improvements	(32,367)
Maturity of certificate of deposit	<u>32,521</u>
Net cash provided by investing activities	<u>154</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on notes payable	<u>(3,343)</u>
Increase in cash	59,854
Cash at beginning of year	<u>53,284</u>
Cash at end of year	<u>\$ 113,328</u>
Supplemental Disclosures:	
Interest paid	<u>\$ 95</u>
Non-cash Investing Activity:	
During fiscal 1996, a certificate of deposit in the amount of \$38,000 matured and was renewed for the same amount.	

NOAIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Absent donor stipulations regarding how long these 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.

Donated assets of \$15,800 were received during fiscal 1996, and are included in other support and revenue in the accompanying statement of activities. This asset is classified as "other current assets" in the statement of financial position since it is the Task Force's intent to sell the asset in the upcoming year.

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 statement of functional expenses. In preparing this statement, certain costs such as rent, utilities and supplies have been allocated among the various programs and supporting services on the basis of the number of personnel involved in each activity.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost or donated value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are amortized over the life of the related lease.

Allocations to AIDS Related Agencies

A percentage of proceeds from certain fund raising activities are earmarked for donation to other community AIDS related agencies by management of the Task Force.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Task Force's estimates include those regarding the fair value of donated materials and services.

**SENIORS TASK FORCE
SCHEME OF FEDERAL AWARDS
FOR THE YEAR ENDED
JUNE 30, 1994**

Grant/Pass Through Grant/Program Title	CFDA Number	Disbursements/ Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Pass through:		
<u>Louisiana Department of Health and Hospitals</u>		
Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93-915	\$ 717,153
Office of Public Health - HIV/AIDS Services Acquired Immunodeficiency Syndrome (AIDS) Activity	93-118	287,148
Social Security Administration SSI Outreach Program for HIV-Infected Individuals	93-832	175,000
<u>National Institute of Allergy and Infectious Diseases - Tulane University School of Medicine</u> Microbiology and Infectious Diseases Research ¹	93-856	14,729
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Pass through:		
<u>City of New Orleans Division of Housing and Neighborhood Development and Unity for the Homeless</u> Housing Opportunities for Persons with AIDS	14-240	666,277
TOTAL FEDERAL AWARDS		\$ 1,361,285

¹ Other Federal Assistance (nonmajor program)



**INDEPENDENT AUDITORS' REPORT
ON THE INTERNAL CONTROL STRUCTURE BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
the NDAIDS Task Force
New Orleans, Louisiana

We have audited the financial statements of the NDAIDS Task Force (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 30, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Comptroller Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the NDAIDS Task Force is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the NDAIDS Task Force for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

THE BOARD OF DIRECTORS OF THE NDAIDS TASK FORCE HAS REVIEWED THIS REPORT AND HAS APPROVED THE INFORMATION CONTAINED HEREIN.

A true and correct copy of this report is deposited.

Witness my hand and the seal of the office of Public Accountant

4. Recording an expense as a debit to revenue:

This practice will be discontinued. All expenses and revenues will be recorded as gross amounts.

5. Accounting for donated services:

The policy of recording for donated materials was new in 1996 and at times incomplete. NCAHHS will again reinforce to the staff the necessity of tracking all donated materials and services.

6. Allocation of salaries:

NCAHHS will continue to record salary information by grant source and release by program at year end.

7. Discrepancy between the account payable detail and the general ledger:

A discrepancy occurred during the change of fiscal year end in the accounting system. This was corrected at year end by journal entry.

Sincerely,



Michael Kaiser, MD
Executive Director

Jay Lewis
Leglar and Minton
509 Poydras Street
Suite 2500
New Orleans, La. 70112



A PROGRAM FOR LIFE

November 8, 1994

Dear Mr. Lewis,

Following please find our response to the findings and recommendations documented in the Management Letter dated August 30, 1994.

1. Expenditures listed as incorrect amounts

NO/AIDS knows the importance of verifying the accuracy of disbursements. Effective January 1, 1997, we will institute a policy where invoices are checked against payments prior to posting to the General Ledger.

2. Incorrect allocations fixed costs

NO/AIDS has purchased new accounting software which automatically allocates a percentage of fixed costs to specific programs. This system went into effect July 1, 1995.

3. Documentation of compliance with eligibility requirements for HOPEWA Grants:

Our Food for Friends program is being funded through both Ryan White I and HOPEWA funds. Ryan White guidelines stipulate that as long as services are provided to all clients at no charge, income eligibility requirements do not need to be followed. The majority of our Food for Friends clients are on SSI disability and are being case managed by our staff. For these clients financial documentation has been obtained. In the prior fiscal year, approximately 40% of the program's funding was received from HOPEWA, and these funds were used to provide services to our clients on disability.

Property Purchased under HOPEWA not tagged:

NO/AIDS is aware of this requirement and will tag all grant purchased equipment within the next 90 days.

Establishment of a separate checking account:

NO/AIDS will again request a waiver from HOPEWA officials. If the waiver is not granted a separate account will be established.



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors of
the NCAADS Task Force
New Orleans, Louisiana

We have audited the financial statements of the NCAADS Task Force (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 30, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the NCAADS Task Force is the responsibility of the Task Force's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Task Force's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

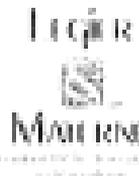
The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the NCAADS Task Force in a separate letter dated August 30, 1996.

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

Legier & Mathews

August 30, 1996



**INDEPENDENT AUDITORS' REPORT ON
THE INTERNAL CONTROL STRUCTURE IN
ACCORDANCE WITH OMB CIRCULAR A-123**

To the Board of Directors of
The NCOAIDS Task Force
New Orleans, Louisiana

We have audited the financial statements of the NCOAIDS Task Force (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 30, 1996. We have also audited the compliance of the NCOAIDS Task Force with requirements applicable to major federal awards programs and have issued our report thereon dated August 30, 1996.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-123, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-123 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Task Force complied with laws and regulations, noncompliance with which would be material to a major federal awards program.

In planning and performing our audits for the year ended June 30, 1996, we considered the Task Force's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Task Force's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-123. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal awards programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated August 30, 1996.

The management of the NCOAIDS Task Force is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

1. Financial and Accounting Operations

2. Personnel and Training Operations

3. Internal Control Structure of Federal Public Programs

NOAAIDS TASK FORCE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NOAAIDS Task Force (the Task Force) is a nonprofit organization providing support and services to people affected by acquired immune deficiency syndrome (AIDS) and human immunodeficiency virus (HIV) in the Greater New Orleans area. 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.

Basis of Accounting

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. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Change in Accounting Principles

The Task Force adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, in fiscal 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the substance and/or nature of any donor restrictions. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. The adoption of this new standard had no effect on the Task Force's total net assets or the change in total net assets.

In fiscal 1996, the Task Force adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Task Force is required to report 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. As permitted by this new Statement, the Task Force has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the classes of net assets required.

Donated Materials and Services

Donated materials and services are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated materials of \$4,380 were received during fiscal 1996, and are included in other support and revenues and support service expenses in the accompanying statement of activities.

In addition, a printing company has donated its services, primarily for the Education program. The estimated value of this donated service and the corresponding expenses for the year ended June 30, 1996, are \$5,000, and are reflected in these financial statements as other support and revenue and program service expenses.

To the Board of Directors of
the NCOAIDS Task Force
New Orleans, Louisiana

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a repeatable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal awards program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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

Lester E. Matrone

August 16, 1993

We appreciate the cooperation we have received from the Task Force personnel and the opportunity to have been of service to you and the Task Force. This report is intended solely for the information and use of the Board of Directors, management, and others within the Task Force. In the event you have any questions or require additional information with respect to matters discussed in the accompanying report, please do not hesitate to contact us.

Very truly yours,



Legler & Materni, CPA's and Consultants



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL AWARDS PROGRAMS**

To the Board of Directors of
the NOVAIDS Task Force
New Orleans, Louisiana

We have audited the financial statements of the NOVAIDS Task Force (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 30, 1996.

We have applied procedures to test the compliance of the Task Force with the following requirements applicable to its federal awards programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996:

General requirements:

- | | |
|--------------------|----------------------------------|
| • Federal activity | • Federal financial reports |
| • Civil rights | • Allowable cost/cost principles |
| • Cash management | • Drug-Free Workplace Act |

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Task Force's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Task Force had not complied, in all material respects, with those requirements. However, we noted certain immaterial instances of noncompliance with the requirements referred to above, that we have reported to the management of the NOVAIDS Task Force in a separate letter dated August 30, 1996.

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

Legier & Materna

August 30, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL AWARDS PROGRAMS**

To the Board of Directors of
the NCAADS Task Force
New Orleans, Louisiana

We have audited the financial statements of the NCAADS Task Force (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 30, 1996.

We have also audited the compliance of the NCAADS Task Force with requirements governing types of services allowed or unallowed, eligibility, matching, level of effort, or cost-sharing; reporting; and claims for advances and reimbursements that are applicable to each of its major federal awards programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996. The management of the Task Force is responsible for the organization's compliance with these requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Task Force's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate letter to the management of the Task Force dated August 30, 1996. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Task Force complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended June 30, 1996.

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

Ligia E. Matrone

August 30, 1996



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE
TO NONMAJOR PROGRAM TRANSACTIONS**

To the Board of Directors of
the NCAIDS Task Force
New Orleans, Louisiana

We have audited the financial statements of the NCAIDS Task Force (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 30, 1996.

In connection with our audit of the financial statements of the NCAIDS Task Force and with our consideration of the Task Force's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the year ended June 30, 1996.

As required by OMB Circular A-133, we performed testing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility, reporting and claims for advances and reimbursements that are applicable to these institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Task Force's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the NCAIDS Task Force had not complied, in all material respects, with these requirements. Also, the results of our procedures did not disclose any material instances of noncompliance with these requirements.

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

Ligia E. Materna

August 30, 1996



August 30, 1996

To the Board of Directors of
MOAIDS Task Force
New Orleans, Louisiana

In planning and performing our audit of the financial statements of MOAIDS Task Force ("the Task Force") for the year ended June 30, 1996, we considered the Task Force's internal control structure to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on the internal control structure.

As a result of this consideration, we developed the following observations and recommendations concerning certain internal control structure and other operational matters that are designed to help the Task Force make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to the Task Force. Our comments are summarized as follows:

GENERAL INTERNAL CONTROL PRACTICES-CONTRACT COMPLIANCE

Observations

Two expenditures selected for testing were recorded in the accounting records at incorrect amounts. One item was the result of a transposition error, and the other was related to a credit applied to an invoice when it was paid. Differences noted were of a minor dollar amount.

Recommendation

Emphasize the importance of verifying the accuracy of disbursements during the review and approval process, and perform a review of information that has been entered into the general ledger for accuracy. Recording expenses at their proper amounts facilitates the presentation of proper financial information while adhering to compliance requirements regarding the accuracy of expenditures of federal programs.

Observations

Two instances were noted where allowable costs (e.g., utilities, telephone, etc.) had been allocated at an incorrect rate to the appropriate program.

Recommendation

Revisions should be made to the cost allocation rate on a periodic basis and/or as significant changes occur within a program. Under compliance regulations, this allocation of costs should be applied in a consistent manner. In addition, proper recording of program costs is important in tracking the performance of individual programs.

COMPLIANCE WITH HOPWA GRANT REQUIREMENTS

Observations

During our compliance testing, we noted the following HOPWA requirements were not adhered to by the Task Force:

- documentation is not being maintained on compliance with eligibility requirements regarding income for all clients who receive services through the Food for Friends Program;
- property purchased under the HOPWA grant is not being tagged "Property of the City of New Orleans," and
- a separate checking account has not been established for the receipt of funds under this contract.

Task Force personnel indicated that compliance with the income schedule has never been an issue since nearly 100% of the program participants receive only Social Security income, which would place them in a low income bracket. In addition, documentation regarding income is obtained for clients who obtain services under the Cash Management Program. Furthermore, we noted a letter written by the Task Force's Executive Director to HOPWA officials requesting a set-up of the separate checking account requirement. No response has been received to date, and HOPWA has continued to fund the Task Force under the terms of the contract.

Recommendation

In order to be in full compliance with the terms of the HOPWA grant, the Task Force should implement the following procedures:

- develop a form to be used by HOPWA participants to document income levels so as to ensure that only eligible participants are receiving program benefits, and

- tag property purchased with HOPWA funds according to the grant terms.

Since no response has been received to the letter to HOPWA officials regarding a separate checking account, and HOPWA has continued to fund the program, agreement by HOPWA officials with the Task Force's reasons for a waiver could be implied. The Task Force should consider obtaining further clarification of this matter.

ACCOUNTING FOR REVENUE AND EXPENSES UNDER FASH 117

Observation

During our compliance testing, we noted one instance where an expense had been recorded as a debit to a revenue account. The disbursement was minor in amount and was not a reimbursable cost under any federal grant. Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* requires the reporting of the gross amounts of all revenue and expenses.

Recommendation

All revenue and expenses should be recorded at gross amounts in accordance with the new standard. Consider establishing separate general ledger accounts to track costs that are not reimbursable under federal grants.

ACCOUNTING FOR DONATED MATERIALS AND SERVICES UNDER FASH 116

Observation

Donated materials and services are not consistently tracked as they are being received throughout the year. The Task Force has implemented a policy whereby a form is to be used by personnel as donated items are received; this policy is not being followed on a consistent basis.

Recommendation

Reemphasize the importance of recording all donated materials and services as they are received. Additionally, for donated services, the determination as to whether the Task Force would have purchased the services had they not been donated should be made as the donation form is completed. Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* requires that these contributions are to be recorded as received; therefore it is important that the Task Force adhere to their internally developed policy so as to be in full compliance with this new standard.

DO NOT SIGN
YOUR NAME
HERE AND PLACE
DATE IN FILE

NO/AIDS TASK FORCE

MANAGEMENT LETTER

AUGUST 30, 1990

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, and may be of interest to other appropriate public officials. The report is available for public inspection at the Boston House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____

To the Board of Directors of
the NCOAIDS Task Force
New Orleans, Louisiana

- Cash;
- Support, program service fees, revenue, and receivables;
- Donated materials, facilities, and services;
- Expenses for goods and services and accounts payable;
- Payroll and related liabilities;
- Property and equipment;
- Debt and other liabilities;
- Fund balances; and
- Governmental Financial Assistance Programs.

General Requirements

Political activity
Civil rights
Cash management
Federal financial reports
Allowable cost/cost principles
Drug-Free Workplace Act

Specific Requirements

Types of services allowed or unallowed
Eligibility
Matching, level of effort, or cost-sharing
and allowability of amounts claimed or
used for matching
Financial reports and claims for
advances and reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1998, the NCOAIDS Task Force expended 99 percent of its total federal awards under major federal award programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Task Force's major federal awards programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

ALLOCATION OF PROGRAM EXPENSES

Observation

Salaries for certain employees are being allocated among programs based upon funding sources instead of by functional class (e.g., administrative employees funded under Ryan White grants are sometimes included under the functional expense classification of "salaries - education" instead of "salaries - management and general"). Certain grantors require the coding of expenses in this manner.

Recommendation

Whenever possible, record expenses during the year in the general ledger according to functional classification, rather than according to grant funding source. Voluntary health and welfare organizations are required to present expenses by their natural functional expense classification. For those grantors which require presentation of expenses by funding source, recording expenses in this manner throughout the year is appropriate; however, these amounts should be properly reallocated by the appropriate functional category at year-end.

ACCOUNTS PAYABLE

Observation

Material discrepancies were noted between the general ledger and the accounts payable detail.

Recommendation

On a periodic basis, perform a reconciliation between the accounts payable subledger and the general ledger; research and resolve differences at that time.

It should be understood that our comments deal exclusively with operational matters, and should not be regarded as reflecting on the integrity or the capabilities of anyone in your organization. It should be further recognized that our comments have been restricted to suggested improvements, and are not intended as a commentary on the various favorable aspects of the Task Force's procedures and controls.