

**NO/AIDS TASK FORCE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2004 AND 2003**

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 2-16-05

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statements of financial position of NO/AIDS Task Force (the Task Force) as of June 30, 2004 and 2003, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audits provide a reasonable basis for our opinions.

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, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2004, on our consideration of the Task Force's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Task Force taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2004, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Legier - Matern, apac*

November 24, 2004

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**NO/AIDS TASK FORCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 40,876
Reimbursements receivable (net of allowance of \$12,057 for 2003)	919,036	1,204,265
Unconditional promises to give (net of allowances of \$2,857 for both 2004 and 2003)	923	923
Other receivables	48,271	-
Prepaid expenses	11,387	11,287
Investments in marketable securities	-	21,355
Deposits	9,940	9,540
Equipment and leasehold improvements, less accumulated depreciation and amortization	33,693	45,813
Total assets	<u>\$ 1,023,250</u>	<u>\$ 1,334,059</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Cash overdrafts	\$ 21,556	\$ -
Accounts payable	364,304	418,669
Accrued expenses	124,743	155,880
Line of credit	150,166	126,467
Capital lease obligation	2,942	11,081
Total liabilities	<u>663,711</u>	<u>712,097</u>
Net Assets:		
Unrestricted	358,539	607,462
Temporarily restricted	1,000	14,500
Total net assets	<u>359,539</u>	<u>621,962</u>
Total liabilities and net assets	<u>\$ 1,023,250</u>	<u>\$ 1,334,059</u>

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

**NO/AIDS TASK FORCE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT:</b>			
Grants and contracts	\$ 3,474,486	\$ -	\$ 3,474,486
Fund raising	358,159	-	358,159
Pledges and contributions	87,523	-	87,523
Other support and revenue	266,999	-	266,999
Net assets released from restrictions:			
Satisfaction of program restrictions	13,500	(13,500)	-
Total public support and revenue	<u>4,200,667</u>	<u>(13,500)</u>	<u>4,187,167</u>
<b>EXPENSES:</b>			
Program services	3,672,984	-	3,672,984
Support services	772,069	-	772,069
Total expenses	<u>4,445,053</u>	<u>-</u>	<u>4,445,053</u>
<b>ALLOCATIONS:</b>			
Allocations to other AIDS related agencies	<u>4,537</u>	<u>-</u>	<u>4,537</u>
<b>CHANGE IN NET ASSETS</b>	(248,923)	(13,500)	(262,423)
Net assets, beginning of year	<u>607,462</u>	<u>14,500</u>	<u>621,962</u>
Net assets, end of year	<u>\$ 358,539</u>	<u>\$ 1,000</u>	<u>\$ 359,539</u>

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

**NO/AIDS TASK FORCE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2003**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT:</b>			
Grants and contracts	\$ 3,388,669	\$ -	\$ 3,388,669
Fund raising	326,918	14,500	341,418
Pledges and contributions	115,154	-	115,154
Other support and revenue	189,856	-	189,856
Net assets released from restrictions:			
Satisfaction of program restrictions	36,434	(36,434)	-
Total public support and revenue	<u>4,057,031</u>	<u>(21,934)</u>	<u>4,035,097</u>
<b>EXPENSES:</b>			
Program services	3,274,333	-	3,274,333
Support services	695,097	-	695,097
Total expenses	<u>3,969,430</u>	<u>-</u>	<u>3,969,430</u>
<b>ALLOCATIONS:</b>			
Allocations to other AIDS related agencies	<u>2,117</u>	<u>-</u>	<u>2,117</u>
<b>CHANGE IN NET ASSETS</b>	85,484	(21,934)	63,550
Net assets, beginning of year	<u>521,978</u>	<u>36,434</u>	<u>558,412</u>
Net assets, end of year	<u>\$ 607,462</u>	<u>\$ 14,500</u>	<u>\$ 621,962</u>

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

**NO/AIDS TASK FORCE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2004**

	Program Services							Supporting Services			Total Expenses		
	Education	Primary Medical Care	Case Management	Mental Health	Volunteer	Food for Friends	Housing / Peer Support	Medication	Total	Management and General		Fund Raising	Total
Salaries	\$ 309,702	\$ 111,358	\$ 490,454	\$ 92,326	\$ 31,663	\$ 138,376	\$ 73,042	\$ 30,300	\$ 1,277,221	\$ 181,501	\$ 99,266	\$ 280,767	\$ 1,557,988
Employee health and retirement benefits	55,300	14,714	61,465	9,666	924	15,699	5,630	6,578	169,976	16,506	10,421	26,927	196,903
Payroll taxes	23,567	8,126	38,047	6,999	2,456	10,529	5,588	2,319	97,631	13,902	7,627	21,529	119,160
Total salaries and related expenses	388,569	134,198	589,966	108,991	35,043	164,604	84,260	39,197	1,544,828	211,909	117,314	329,223	1,874,051
Fees and contract expenses	11,017	168,583	48,579	14,948	508	8,426	373	2,510	254,944	90,386	16,206	106,592	361,536
Supplies and materials	16,360	4,047	21,993	1,280	1,412	407,998	2,018	2,489	457,597	2,752	22,032	24,784	482,381
Telephone	6,305	1,532	13,240	869	8,490	4,411	528	1,642	37,017	3,382	1,419	4,801	41,818
Postage	1,162	922	2,343	376	161	1,389	243	1,524	8,120	448	5,122	5,570	13,690
Occupancy	24,531	13,655	39,794	6,599	3,901	21,372	4,327	14,470	128,649	10,748	16,912	27,660	156,309
Equipment costs	8,611	5,035	26,841	2,570	2,284	9,938	1,625	5,589	62,493	6,287	6,959	13,246	75,739
Transportation	9,786	1,824	27,284	604	75	3,914	7,378	-	50,865	857	29	886	51,751
Conference	18,927	9,041	12,140	394	35	780	1,338	-	42,655	3,234	18	3,252	45,907
Printing and media	-	-	-	-	-	-	-	-	-	-	192,082	192,082	192,082
Rent and utility assistance	-	-	76,756	-	-	-	3,920	-	80,676	-	-	-	80,676
Medication	-	4,808	33,755	-	-	-	-	851,011	889,574	-	-	-	889,574
Insurance	2,439	4,147	10,440	2,195	1,122	7,318	3,951	7,318	38,930	3,828	5,464	9,292	48,222
Lab tests	-	28,545	-	-	-	-	-	-	28,545	-	-	-	28,545
Advertising and promotion	2,665	1,167	3,240	511	348	1,977	280	1,921	12,109	758	15,215	15,973	28,082
Site expenses	-	-	-	-	-	-	-	-	-	-	22,817	22,817	22,817
Entertainment and volunteer recognition	-	-	-	-	949	-	-	-	949	4,306	248	4,554	5,503
Continuing education	-	471	149	255	-	129	-	-	2,904	514	-	514	3,418
Miscellaneous	1,900	150	3,328	-	110	40	-	-	3,628	2,301	1,113	3,414	7,042
Total expenses before depreciation, amortization & interest	492,272	378,125	909,848	139,592	54,438	632,296	110,241	927,671	3,644,483	341,710	422,950	764,660	4,409,143
Depreciation and amortization	2,216	3,137	6,144	1,464	822	3,020	1,165	3,277	21,245	2,386	3,300	5,686	26,931
Interest	105	202	251	76	46	1,418	42	5,116	7,256	1,620	103	1,723	8,979
Total expenses	\$ 494,593	\$ 381,464	\$ 916,243	\$ 141,132	\$ 55,306	\$ 636,734	\$ 111,448	\$ 936,064	\$ 3,672,984	\$ 345,716	\$ 426,353	\$ 772,069	\$ 4,445,053

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

**NO/AIDS TASK FORCE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2003**

	Program Services										Supporting Services			Total Expenses
	Education	Primary Medical Care	Case Management	Mental Health	Volunteer	Food for Friends	Housing / Peer Support	Medication	Total	Management and General	Fund Raising	Total		
Salaries	\$317,329	\$135,566	\$458,150	\$101,667	\$35,689	\$128,875	\$55,221	\$30,909	\$1,263,406	\$167,897	\$93,001	\$260,898	\$1,524,304	
Employee health and retirement benefits	48,364	16,937	62,887	15,955	6,796	30,788	7,419	5,291	194,437	21,336	15,636	36,972	231,409	
Payroll taxes	23,909	9,942	34,673	7,686	2,706	10,014	4,192	2,397	95,519	12,773	7,060	19,833	115,352	
Total salaries and related expenses	389,602	162,445	555,710	125,308	45,191	169,677	66,832	38,597	1,553,362	202,006	115,697	317,703	1,871,065	
Fees and contract expenses	12,904	139,488	38,631	17,224	1,035	19,063	3,340	126	231,811	23,558	22,002	45,560	277,371	
Supplies and materials	11,128	4,715	38,370	893	1,104	356,632	1,793	826	415,461	2,356	31,793	34,149	449,610	
Telephone	5,451	1,644	8,952	1,145	8,855	3,601	640	999	31,287	2,870	1,526	4,396	35,683	
Postage	934	1,022	2,652	541	302	1,954	457	1,916	9,778	1,082	4,465	5,547	15,325	
Occupancy	23,454	15,466	38,029	7,001	4,422	23,708	4,148	8,745	124,973	10,141	12,720	22,861	147,834	
Equipment costs	6,238	9,171	16,271	3,558	2,867	10,865	2,031	3,268	54,269	5,259	11,114	16,373	70,642	
Transportation	7,331	1,671	19,964	1,518	313	5,024	4,631	156	40,608	690	108	798	41,406	
Conference	12,903	5,568	11,329	1,282	1,247	-	412	250	32,991	1,984	53	2,037	35,028	
Printing and media	387	-	94,319	-	-	-	-	-	387	-	186,896	186,896	187,283	
Rent and utility assistance	-	-	28,781	-	-	-	4,133	-	98,452	-	-	-	98,452	
Medication	-	5,262	7,802	2,017	1,164	6,329	1,084	1,902	585,356	3,787	3,485	7,272	585,356	
Insurance	4,359	3,116	20,200	-	-	-	-	-	27,773	-	-	-	35,045	
Lab tests	-	2,048	-	662	437	2,207	559	2,207	20,200	-	18,838	20,769	20,200	
Advertising and promotion	-	-	-	-	-	-	-	-	12,802	1,931	12,950	12,950	33,571	
Site expenses	-	-	-	-	2,554	-	-	-	2,672	1,059	571	1,630	4,302	
Entertainment and volunteer recognition	-	-	-	-	325	118	-	-	3,086	798	154	952	4,038	
Continuing education	702	360	483	603	325	488	-	125	2,791	2,885	6,048	8,933	11,724	
Miscellaneous	210	190	957	20	540	874	-	-	-	-	-	-	-	
Total expenses before depreciation, amortization & interest	477,651	371,569	865,681	161,772	70,356	600,540	90,060	610,430	3,248,059	260,406	428,420	688,826	3,936,885	
Depreciation and amortization	2,312	3,986	6,417	1,348	655	2,488	973	5,837	24,016	2,782	2,419	5,201	29,217	
Interest	175	550	700	200	125	283	119	106	2,258	795	275	1,070	3,328	
Total expenses	\$480,138	\$376,105	\$872,798	\$163,320	\$71,136	\$603,311	\$91,152	\$616,373	\$3,274,333	\$263,983	\$431,114	\$695,097	\$3,969,430	

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



**NO/AIDS TASK FORCE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (262,423)	\$ 63,550
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	26,931	29,217
Gain on sale of investments	(4,848)	-
Non cash loss	1,867	1,147
Changes in assets and liabilities:		
Reimbursements receivable	285,229	(663,552)
Unconditional promises to give	-	30
Other receivables	(48,271)	-
Prepaid expenses	(100)	9,239
Deposits	(400)	(100)
Cash overdrafts	21,556	-
Accounts payable	(54,365)	239,954
Accrued expenses	(31,137)	7,508
Net cash used in operating activities	<u>(65,961)</u>	<u>(313,007)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales of investments	26,203	-
Purchase of equipment and leasehold improvements	<u>(16,678)</u>	<u>(16,770)</u>
Net cash provided by (used in) investing activities	<u>9,525</u>	<u>(16,770)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net change in line of credit	23,699	126,467
Payments on capital lease obligation	<u>(8,139)</u>	<u>(13,387)</u>
Net cash provided by financing activities	<u>15,560</u>	<u>113,080</u>
Decrease in cash	(40,876)	(216,697)
Cash at beginning of year	40,876	257,573
Cash at end of year	<u>\$ -</u>	<u>\$ 40,876</u>
<b>Supplemental Disclosures:</b>		
Interest paid	<u>\$ 10,229</u>	<u>\$ 5,325</u>

**NO/AIDS TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

NO/AIDS Task force “the Task Force” is nonprofit organization providing support and services to people 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’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 others high-risk individuals in a non-threatening and non-judgmental manner about their behavior. Additionally, a community mobilization project develops partnerships to design and implement prevention projects in the New Orleans French Quarter community. The Education program also performs health education presentations throughout the Southeast Louisiana region.

Primary Medical Care

The Task Force offers viral-load testing, T-cell monitoring and counseling in diet, exercise and stress management. The Task Force helps HIV-infected clients ensure that their health and lives are as strong as they can be. The Task Force has a physician on staff two days per week for preliminary medical evaluations and referrals to specialists as needed.

Case Management

The Task Force provides case managers who serve as liaisons between the clients and the network of community resources needed to 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.

Mental Health

The Task Force offers short-term individual counseling to help 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**

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

Volunteer

The Task Force operates a statewide hotline. The counselors who answer the phone are volunteers. The counselors answer callers' questions and provide information on HIV transmission and prevention. They provide referrals to other agencies and set up appointments for HIV testing and primary care services. Volunteer counselors staff a HIV antibody counseling and testing program where nearly 2000 individuals are tested yearly. Volunteers also staff the Food for Friends program.

Food for Friends

The Task Force delivers three well-balanced meals, seven days a 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/Peer Support

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.

Medication

Medication is provided to HIV-infected individuals who meet certain income requirements. The Task Force also assists with insurance co-payments for qualified individuals.

Basis of Presentation

The accompanying financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions whose restrictions are met in the same reporting period as the contribution are shown as unrestricted contributions.

The Task Force reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**NO/AIDS TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

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

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 2004 and 2003, 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, 2004 and 2003, was \$165,000 and \$153,000, respectively, and is reflected in the accompanying financial statements as other support and revenue and support service expenses.

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 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.

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 rent, utilities and supplies have been allocated among the various programs and supporting services on the basis of program expenses to total expenses in each activity.

Investments in Marketable Securities

Investments consist primarily of common stocks that were donated to the Task Force in the past several years. These investments are stated at fair market value based on quoted market prices. Investment income consists primarily of unrealized gains on these common stocks and is included in other support and revenue.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost. The Task Force capitalizes all expenditures for equipment in excess of \$500; 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.

**NO/AIDS TASK FORCE**  
**NOTES TO FINANCIAL STATEMENTS**

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

Unconditional Promises to Give

Substantially all of the balance of unconditional promises to give are expected to be collected within the next year.

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals are to promote the Task force's fund-raising events.

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

**NOTE 2 — RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets as of June 30, 2004 and 2003 relate to cash donations received in fiscal years 2004 and 2003, respectively, that are for the Task Force's fiscal years 2005 and 2004 events, respectively.

**NO/AIDS TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3— EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

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

	<u>2004</u>	<u>2003</u>
Computer equipment and software	\$ 86,295	\$ 77,673
Office furniture, fixtures and equipment	113,289	110,281
Leasehold improvements	<u>108,560</u>	<u>106,338</u>
	308,144	294,292
Less – Accumulated depreciation and amortization	<u>274,451</u>	<u>248,479</u>
	<u>\$ 33,693</u>	<u>\$ 45,813</u>

**NOTE 4 — LINES OF CREDIT**

As of June 30, 2004 and 2003, the Task Force had two \$100,000 unsecured lines of credit with financial institutions. The total outstanding borrowings under these lines were \$150,166 and \$126,467 at June 30, 2004 and 2003, respectively. The first line of credit had an outstanding balance of \$80,039 and \$97,167 at June 30, 2004 and 2003, respectively, charged interest at the financial institution's prime plus 0.5% (6.25% at both June 30, 2004 and 2003) and had an open maturity date. The second line of credit had an outstanding balance of \$70,127 and \$29,300 at June 30, 2004 and 2003, respectively, and charged interest at the financial institution's prime (5.0% at both June 30, 2004 and 2003) and matures in March 2005.

**NOTE 5 — COMMITMENTS AND CONTINGENCIES**

Operating Leases

The Task Force leases its administrative and operational facility under a noncancelable operating lease at a monthly rent of \$7,100 until the lease expiration in March 2008. In addition, the Task Force leases two operating facilities for program activities on a monthly basis for a total of \$1,700 per month.

Rental expense relating to these leases was approximately \$110,200 and \$100,500 for the years ended June 30, 2004 and 2003, respectively.

Concentrations

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. The Task Force intends to fulfill the condition 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. For fiscal 2004 and 2003, government grants represent approximately 81% and 83%, respectively, of the Task Force's total support and revenue. In addition, the balance of reimbursements receivable is comprised primarily of government grants.

**NO/AIDS TASK FORCE  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – PENSION PLAN**

The Task Force provides a simplified employee pension 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 3% of an employee’s current gross eligible compensation. Contributions to the Plan were approximately \$29,100 and \$28,400 for the years ended June 30, 2004 and 2003, respectively.

**NOTE 7 – ALLOCATION OF JOINT COSTS**

During fiscal 2004 and 2003, 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>2004</u>	<u>2003</u>
Fund Raising	\$ 1,789	\$ 2,466
Program Services:		
Education	2,000	1,682
Primary Medical Care	1,561	1,871
Case Management	3,658	5,076
Mental Health	683	991
Volunteer	293	506
Food for Friends	2,520	3,302
Housing/Peer Support	374	837
Medication	2,569	3,302
Management and General	<u>813</u>	<u>1,981</u>
Total	<u>\$16,260</u>	<u>\$22,014</u>

**NO/AIDS TASK FORCE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

Grantor/Pass Through Grantor/Program Title	CFDA Number	Disbursements/ Expenditures
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> Public Health Service Centers for Disease Control and Prevention - HIV Prevention Programs and CBOS	93.939	\$ 175,000
Pass through: <u>Mayor's Office of Health Policy</u> Ryan White C.A.R.E. Act Title I Funds HIV Emergency Relief Formula Grants	93.915	2,320,772
<u>Mayor's Office of Health Policy</u> Ryan White C.A.R.E. Act Title II Funds HIV Emergency Relief Formula Grants	93.915	229,239
<u>Louisiana Department of Health and Hospitals</u> Office of Public Health - HIV/AIDS Services Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	184,501
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> 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	14.241	267,514
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 3,177,026</b>

**NOTES TO SCHEDULE**

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of NO/AIDS 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 (except for the Ryan White grants) whereby the Task Force applies for reimbursement of costs incurred in conjunction with program activities. The Ryan White grants are operated on a units of service fee basis whereby the Task Force is compensated at fixed rates per units of service as called for in the federal grant contracts. Accordingly, this schedule presents the revenues earned through both the expenditure of funds cost reimbursement and the unit of service fee reimbursement.

Major Programs

Major programs are identified in the Summary of Auditors' Results section of the Schedule of Findings and Questioned Costs.





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

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

We have audited the financial statements of NO/AIDS Task Force (a nonprofit organization) as of and for the year ended June 30, 2004 and have issued our report thereon dated November 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the NO/AIDS Task Force's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the NO/AIDS Task Force's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of NO/AIDS Task Force in a separate letter dated November 24, 2004.

This report is intended solely for the information and use of the finance committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Legin & Matern, apac*

November 24, 2004



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the NO/AIDS Task Force (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The NO/AIDS Task Force's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the NO/AIDS Task Force's management. Our responsibility is to express an opinion on the NO/AIDS Task Force's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the 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 NO/AIDS Task Force's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the NO/AIDS Task Force's compliance with those requirements.

In our opinion, the NO/AIDS Task Force complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the NO/AIDS Task Force is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the NO/AIDS Task Force's

internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Legis & Matern, apac*

November 24, 2004

**NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified:             yes    no
- Reportable condition(s) identified  
that are not considered to material  
weaknesses?     yes    none reported

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified:             yes    no
- Reportable condition(s) identified  
that are not considered to be material  
weakness(es)?     yes    none reported

Type of auditors' report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are

Required to be reported in accordance

With section 510(a) of Circular A-133?             yes    no

Identification of major programs:

<u>CEDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.915	HIV Emergency Relief Formula Grants

Dollar threshold used to distinguish

Between type A and type B programs:            \$500,000

Auditee qualified as low-risk auditee?             yes    no

**NO/AIDS TASK FORCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.



To the Board of Directors of  
NO/AIDS Task Force

In planning and performing our audit of the financial statements of NO/AIDS Task Force ("the Task Force") for the year ended June 30, 2004, we considered the Task Force's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the Task Force's internal control in our report dated November 24, 2004. This letter does not affect our report dated November 24, 2004, on the financial statements of NO/AIDS Task Force.

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 these comments 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:

## **GENERAL INTERNAL CONTROL PRACTICES/CONTRACT COMPLIANCE**

### **Observation 04-1**

#### ***Check Numbering and Sequence***

During testing of accounts payable, we noted the check register supplied routinely contained checks that were written out of sequential order. Additionally, we noted two pairs of checks with duplicate numbers. This is in part, a repeat finding from prior year observations (Observation 03-1).

#### ***Recommendation***

Checks should be written in sequential order to reduce the risk of unaccounted for checks. Check registers should be scanned as part of the monthly close to ensure that duplicate check numbers do not exist. Writing checks in sequential order and reducing the amount of misnumbered checks would increase controls over cash and better protect the Task Force's assets.

***Management's Response***

This was caused by the misalignment of pre-numbered checks and occasional printer problems. In the future, the Task Force will void misnumbered checks and replace with a check in which check number agrees with the printed number on the check.

**Observation 04-2**

***Units of Service Support***

During our compliance testing of the Task Force's services provided related to federal grants, we noted that in several instances the only support was a listing in the client file indicating the number of units of service provided, date and type service provided. There was no indication of who performed the service nor a signature or initialing of that person taking responsibility for the service. This is a repeat finding from prior year observations (Observation 03-3).

***Recommendation***

The employee performing the service and entering the information on the log should also sign or initial the log taking responsibility for having performed the service. In the case of the Food Bank or Meal Delivery programs, the client receiving the goods should initial (for confidentially purposes) the log or list indicating the receipt of goods. Additionally, the Task Force should consider converting to a computerized timesheet type system whereby employees code their time to certain programs, client codes and services performed. These timesheets could then be used as part of the payroll system so as to minimize the risk of an employee charging for more or less units of service than was actually performed by that employee.

***Management's Response***

At this time, the Task Force does not have the financial resources to comply with the above recommendation. We appreciate the suggestion and will begin to research the availability of financial resources to change our current method of recording employees' time in order to minimize any perceived risk.

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We appreciate the cooperation we have received from the Task Force personnel and the opportunity to be 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 and should not be used by anyone other than these specified parties.



November 24, 2004