

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HIV/AIDS Alliance for Region Two, Inc.
Baton Rouge, LA

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of HIV/AIDS Alliance for Region Two, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HIV/AIDS Alliance for Region Two, Inc. as of December 31, 2021, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HIV/AIDS Alliance for Region Two, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HIV/AIDS Alliance for Region Two, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 HIV/AIDS Alliance for Region Two, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as, evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HIV/AIDS Alliance for Region Two, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Compensation, Benefits, and Other Payments to the CEO, is presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The Statewide Agreed Upon Procedures are not a required part of the basic financial statements but is supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of HIV/AIDS Alliance for Region Two, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance the results of that testing, and not to provide an opinion on the effectiveness of HIV/AIDS Alliance for Region Two, Inc.'s 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 HIV/AIDS Alliance for Region Two, Inc.'s internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC
Baton Rouge, LA

June 28, 2022

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Current Assets	
Cash	\$ 2,184,359
Accounts receivable, net	7,824,105
Prepaid expenses	<u>258,635</u>
Total Current Assets	10,267,099
Property and Equipment, net	3,367,848
Total Assets	<u><u>\$ 13,634,947</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	887,998
Other current liabilities	<u>624,022</u>
Total Current Liabilities	1,512,020
Net Assets Without Donor Restrictions	<u>12,122,927</u>
Total Liabilities and Net Assets	<u><u>\$ 13,634,947</u></u>

See accompanying notes and independent auditors' report.

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES

Governmental grants	\$ 29,425,012
340B drug program	11,712,738
Fees for services	4,051,759
Donations and grants	1,072,820
Housing income	32,095
Other income	100,412
	<hr/>
Total Revenues	46,394,836

EXPENSES

Program expenses	
340B drug program	8,204,785
Housing and supportive services	1,477,000
Community health	639,478
Health insurance program	21,697,066
Medical services	9,432,527
Ryan White Part A/MAI	1,440,370
General and administrative	4,941,599
	<hr/>
Total Expenses	47,832,825

CHANGE IN NET ASSETS

	(1,437,989)
Net assets - beginning of year	<hr/> 13,560,916
Net assets - end of year	<hr/> <hr/> \$ 12,122,927

See accompanying notes and independent auditors' report.

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021

	340B	Housing & Supportive Services	Community Health	Health Insurance Program	Medical Services	Ryan White Part A/MAI	General & Administrative	Total
Bad debt	\$ -	\$ 59,208	\$ -	\$ -	\$ 885,003	\$ -	\$ -	\$ 944,211
Clinic expenses	-	-	105,004	-	462,661	13,698	-	581,363
Contract labor	-	-	-	-	-	-	76,579	76,579
Depreciation	-	-	-	-	-	-	414,922	414,922
Direct assistance and programs	8,203,512	890,439	7,932	21,016,384	223,805	520,737	3,463	30,866,272
Facilities	-	5,181	247	-	56,767	1,478	58,626	122,299
Insurance	-	16,095	-	-	28,383	-	151,323	195,801
Interest expense	-	-	-	-	-	-	7,265	7,265
Other expenses	1,273	3,487	18,494	67,553	201,460	65,250	513,843	871,360
Payroll taxes & benefits	-	80,557	49,943	96,222	879,585	121,752	454,934	1,682,993
Professional services	-	2,728	8,379	32,385	418,219	1,194	815,944	1,278,849
Rent expense	-	35,624	73,408	22,711	610,081	47,935	188,519	978,278
Salaries and wages	-	383,655	375,493	461,660	5,648,107	668,326	2,206,311	9,743,552
Travel and meals	-	26	578	151	18,456	-	49,870	69,081
Total expenses	\$ 8,204,785	\$ 1,477,000	\$ 639,478	\$21,697,066	\$ 9,432,527	\$ 1,440,370	\$ 4,941,599	\$47,832,825

See accompanying notes and independent auditors' report.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,437,989)
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>	
Depreciation	414,922
Change in allowance for doubtful accounts	379,330
Decrease in accounts receivable	2,108,492
Decrease in prepaid expenses	37,379
Decrease in accounts payable	(354,378)
Increase in other current liabilities	103,135
	<hr/>
Net cash provided by operating activities	1,250,891

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	<u>(1,062,239)</u>
Net cash used in investing activities	(1,062,239)

CASH FLOWS FROM FINANCING ACTIVITIES

Draws on line of credit	3,306,296
Payments on line of credit	<u>(3,306,296)</u>
Net cash provided by financing activities	<hr/> -

INCREASE IN CASH 188,652

CASH, BEGINNING OF YEAR 1,995,707

CASH, END OF YEAR \$ 2,184,359

SUPPLEMENTAL DISCLOSURE

Cash paid for interest during the year \$ 7,265

See accompanying notes and independent auditors' report.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

A. SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

HIV/AIDS Alliance for Region Two, Inc. (HAART) is a Louisiana community-based 501(c)3 non-profit, incorporated on February 16, 1995, for the purpose of responding to the threat of the HIV (Human Immunodeficiency Virus) and AIDS (Acquired Immune Deficiency Syndrome) diseases existing in Louisiana, through the development of educational programs, support services, assistance, and financial development. In furtherance of those purposes, the corporation is authorized, but not limited to, purchasing and acquiring property, receiving and administering donations of money, property, or other things of value, rendering charitable assistance to individuals living with, or at risk of acquiring, HIV infection or AIDS or educational work related to the HIV or AIDS threat.

Medical Services

In 2015, HAART was designated through the Bureau of Primary Health Care as a Federally Qualified Health Center (FQHC), under Section 330(e) of the U.S. Public Health Act, Community Health Centers. The designation comes with annual grant funding in order to ensure access to primary care, oral health and behavioral health services to low-income and uninsured and under insured persons and families residing in the Baton Rouge and Denham Springs. This FQHC is operated under the name Open Health Care Clinic.

The organization has a wholly-owned subsidiary, Caring Clinic of Louisiana, chartered in Louisiana in 2007 as a Limited Liability Company (LLC). Medical services under the name of Caring Clinic were discontinued in 2017, although the LLC remains active and in good standing with the Louisiana Secretary of State's office.

HAART receives various funding that enables primary care services through the Open Health Care Clinic for uninsured HIV positive persons and early intervention services for those who are newly diagnosed or returning to care. As a federally qualified health center Open Health is required to provide care to all comers, not just those with HIV disease, from birth to death regardless of ability to pay. The organization is required to provide primary care for adults and children, dental services, and behavioral health care services.

340B Drug Program

HAART and Caring Clinic of Louisiana are both registered as eligible entities in the 340B Drug Pricing Program, administered by HHS/HRSA's Office of Pharmacy Affairs, and employs three contract pharmacies to manage and dispense medications to eligible patients. The medications are available for purchase at a discounted price, resulting in net revenue to the entities based on these savings.

Community Health

HAART provides HIV Counseling, Testing and Referral (CTR) services, prevention materials availability and evidence-based interventions with funding from CDC received through the state health department. State funds also support a Wellness Center targeting persons needing testing and treatment for sexually-transmitted infections (STI's) and Pre- and Post-Exposure Prophylaxis (PrEP and PEP) to prevent contracting HIV disease.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

A. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Housing and Supportive Services

HAART receives two types of grant funding from the Department of Housing and Urban Development (HUD). They are 1) Housing Opportunities for People with AIDS (HOPWA), funded through the City of Baton Rouge-Parish of East Baton Rouge, and 2) Supportive Housing Program (SHP), funded directly by HUD and coordinated through the Louisiana Housing Corporation. The HOPWA grant funds are used to prevent homelessness among persons with AIDS and are used for Project-based and Tenant-based housing assistance, Acquisition and Rehabilitation and Supportive Services. SHP funds are used to assist homeless persons including special populations and the chronically homeless. HAART has two SHP grants which are used for permanent housing assistance and supportive services to help ensure clients remain housed in order to thrive.

HAART has used HOPWA and Neighborhood Stabilization Program (NSP) funds for the acquisition of land and buildings, reflected on the balance sheet net of depreciation, consisting of eight single family homes and a ten-unit apartment complex.

HAART also receives Ryan White Part A funding which is used to provide non-medical case management, pharmaceutical assistance, medical transportation, and other services. This program is administered in the nine-parish Metropolitan Statistical Area (MSA) by the City of Baton Rouge-Parish of East Baton Rouge's Department of Human and Developmental Services.

Health Insurance Program

HAART's largest grant funded contract is to administer a Ryan White Part B program for the Louisiana Department of Health. The program assists persons statewide who are living with HIV by purchasing health insurance policies to cover their cost of care and also assists with patient responsibility cost-shares associated with the insurance coverage.

Basis of Accounting

The financial statements of HAART have been prepared on the accrual basis of accounting and accordingly reflect all receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements are presented on a consolidated basis with the Caring Clinic of Louisiana, LLC (Clinic), a wholly owned subsidiary of HAART, being consolidated. The Clinic is a single-member LLC with HAART, the corporation, serving as the single member. The Clinic has not had any activity since 2017.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, HAART considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

A. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

HAART extends credit to patients and third parties in the normal course of business. Accounts receivable arising from grants are recorded at their net realizable value while accounts receivable from patient service fees are recorded at their original amount less contractual adjustments and an allowance for doubtful accounts. This allowance is based on management's estimates, historical experience and a review of all outstanding amounts on an ongoing basis. For the year ended December 31, 2021 the allowance for doubtful accounts was \$867,906. Receivables are written off when deemed uncollectible by management and recoveries, if any, are recorded when received.

Net Assets

HAART reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions. HAART does not have any net assets with donor restrictions for the year ended December 31, 2021.

Revenue Recognition

Revenue from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant awarded. Revenue from cost reimbursement contracts are earned when costs are incurred and services are provided.

Revenues from the 340B drug program and fees for medical and other services are recognized when the performance obligations are met. As it relates to the 340B drug program revenue is recognized as the prescription is provided to customers and is further discussed above. The performance obligations as it relates to the fees for medical and other services are satisfied at the time the services are rendered. HAART does not have any activity that would give rise to variable consideration.

Functional Expenses

HAART allocates its expenses on a functional basis between program services or general and administrative. Expenses that can be identified with a specific program are allocated directly to programs according to their natural expense classification. Other expenses are allocated between programs or general and administrative based on management's best estimate of time, percentage, or square footage used, among other factors.

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

A. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax-exempt Status

HAART is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

HAART follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

HAART's open audit periods are 2018 through 2021.

Advertising

HAART follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$200,276 for the year ended December 31, 2021.

Subsequent Events

In preparing these consolidated financial statements HAART has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the consolidated financial statements were available to be issued.

B. PROPERTY

Property and equipment is presented in the financial statements at cost less allowances for depreciation. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of assets which ranges from 3 to 27.5 years.

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2021 are as follows:

Machinery and equipment	5-7 years	\$ 900,827
Furniture and fixtures	5-7 years	683,596
Automobiles	5 years	425,507
Buildings	27.5 years	2,835,231
Software	3 years	121,858
Leasehold improvements	15 years	<u>504,602</u>
		5,471,621
Accumulated depreciation		<u>(2,094,773)</u>
		<u>\$ 3,376,848</u>

Depreciation expense was \$411,181 for the year ended December 31, 2021.

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

C. LINE OF CREDIT

HAART has a line of credit with a regional financial institution for \$1,500,000 at a variable interest rate of LIBOR plus 3% which at year end was 3.10% which matures on May 3, 2022. No balance was due as of December 31, 2021.

Total interest expense as it relates to this line of credit for the year ended December 31, 2021 was \$7,265.

D. OPERATING LEASES

Long term operating leases which subject HAART to future minimum payments include various medical clinics in Baton Rouge and Denham Springs, LA. Future minimum lease payments under this lease are as follows:

<u>Year</u>	<u>3801 N. Blvd.</u>	<u>3849 N. Blvd.</u>	<u>30789 N. Range Ave.</u>	<u>Total</u>
2022	\$ 424,818	\$ 270,046	\$ 41,496	\$ 736,360
2023	437,562	278,147	41,496	757,205
2024	450,690	286,492	41,496	778,678
2025	464,208	-	34,580	498,788
2026	355,932	-	-	355,932

HAART also leases space on a month-to-month basis for its primary administrative office location at 4550/4560 North Blvd in Baton Rouge, LA.

HAART also leases various machinery and equipment on a month-to-month basis in the ordinary course of business.

Lease expense for the various offices, clinics, and equipment for the year ended December 31, 2021 amounted to \$978,279.

E. ECONOMIC DEPENDENCY

HAART derives the majority of its revenues from governmental sources as earned revenue or grants, the loss of which would have a material adverse effect on HAART. During the year ended December 31, 2021 revenue derived from governmental sources accounted for 63% of total revenue.

F. CONCENTRATIONS

Financial instruments which subject HAART to concentrations of credit risk consist of cash deposits held with local banks. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. HAART maintains cash in local and regional financial institutions which often exceed the FDIC limits. Management does not believe that it is exposed to any significant credit risk on uninsured amounts.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

F. CONCENTRATIONS (Continued)

Concentrations of revenues and receivables greater than or equal to 10% for the year ended December 31, 2021 are as follows:

	<u>Revenue</u>	<u>Receivables</u>
Health Insurance Program	49%	48%
340B Drug Program	25%	10%
Medical Services Program	N/A	17%

G. RISKS AND UNCERTAINTIES

Grants

HAART receives federal and state contracts for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the contract. It is the opinion of management that HAART’s compliance with the terms of contracts will result in negligible, if any, disallowed costs.

Risk Management

HAART is exposed to various risks of loss related to torts, claims, theft, and damage in the normal course of business. HAART has purchased various insurance policies to cover such risks. Management is not aware of any pending claims or losses that would have a material effect on its operations or financial position.

H. PAID TIME OFF

Paid time off is earned at varying rates from two to six weeks per year depending on length of service. A maximum of six weeks paid time off could be carried over at each employee’s anniversary date. The amount accrued for paid time off at December 31, 2021 is \$311,445.

I. LIQUIDTY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects HAART’s financial assets as of the consolidated statement of financial position date within one year of the statement of financial position date.

Financial Assets at Year End:	
Cash	\$ 2,184,359
Accounts Receivable, net	7,824,105
Available Line of Credit	<u>1,500,000</u>
Financial Assets Available for General Expenditures	<u>\$ 11,508,464</u>

As part of HAART’s liquidity management cash is kept in various checking and savings accounts that can be accessed to meet daily needs of the organization. In addition, HAART has a \$1,500,000 line of credit it could draw upon in the event of an unanticipated liquidity need.

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

J. PENSION PLAN

HAART has adopted a 403(b) retirement plan with a 5% match. Under the provisions of the plan, employees may elect to defer a percentage of their compensation up to a maximum amount established by the IRS. Salary deferrals and the related earnings are 100% vested and non-forfeitable. In 2021 employer contributions to the plan were \$168,732.

These assets are held in the trust fund established under the Plan; the trust fund is independent of HAART. The responsibility for administration of the Plan is with LPL Financial.

K. SIGNIFICANT DONATIONS

During the year, HAART received a donation bequeathed from the Succession of Angelina Wilson totaling \$1,000,000. Future donations from the Succession of Angelina Wilson are anticipated, although the amounts and timing are uncertain.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor or Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Continuum of Care Program	14.267	N/A	\$ 348,460
City of Baton Rouge/Parish of East Baton Rouge			
Community Development Block Grants (CARES ACT)	14.218	800002710	96,600
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	800000885	530,508
Housing Opportunities for Persons with AIDS (HOPWA) COVID-19 Supplement	14.241	LAH20-FHW002	<u>159,644</u>
Total U.S. Department of Housing and Urban Development			1,135,212
U.S. Department of Education			
Rehabilitation Training Technical Assistance Centers	84.264	N/A	<u>4,963</u>
Total U.S. Department of Education			4,963
U.S. Department of Health and Human Services			
Health Center Program	93.224	N/A	1,897,501
Health Center Program - CARES Act H8C	93.224	N/A	152,314
Health Center Program - CARES Act H8D	93.224	N/A	193,862
Health Center Program - CARES Act H8E	93.224	N/A	551,947
Capital Area Human Services District			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	SM-17-008	139,832
University of Washington			
Drug Abuse and Addiction Research Programs	93.279	UWSC11929	22,245

See accompanying notes to schedule of expenditures of federal awards.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor or Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
City of Baton Rouge/Parish of East Baton Rouge			
HIV Emergency Relief Grant Program - Ryan White Part A	93.914	PO170705	1,075,649
HIV Emergency Relief Grant Program - Ryan White Part A MAI	93.914	PO170706	248,646
HIV Emergency Relief Grant Program - Ryan White Part A COVID-19 Supplement	93.914	PO170705	24,428
HIV Emergency Relief Grant Program - Ryan White Part A Ending the HIV Epidemic	93.914	PO170705	82,594
Louisiana Department of Health			
Family Planning Services	93.217	62274	177,354
HIV Care Formula Grants - Ryan White Part B	93.917	61274	23,011,792
HIV Prevention Activities-Health Department Based Care and Prevention in the United States (CAPUS)	93.940	61192	258,833
STD/HIV Program - Wellness	93.940	60587	129,035
STD/HIV Program - Testing	93.940	60611	200,971
Preventive Health Services - Sexually Transmitted Diseases	93.977	N/A	50,504
Total U.S. Department of Health and Human Services			<u>28,217,507</u>
Total Expenditures of Federal Awards			<u><u>\$ 29,357,682</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of HIV/AIDS Alliance for Region Two, Inc. (HAART) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of HAART, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HAART.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

HAART is reimbursed for actual costs incurred and does not apply an indirect cost rate.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO CEO
FOR THE YEAR ENDED DECEMBER 31, 2021**

Chief Executive Officer: Timothy Young

No compensation paid from public funds.

**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
HIV/AIDS Alliance for Region Two, Inc.
Baton Rouge, LA

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 consolidated financial statements of HIV/AIDS Alliance for Region Two, Inc., (a non-profit organization) which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered HIV/AIDS Alliance for Region Two Inc.'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of HIV/AIDS Alliance for Region Two, Inc.'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 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 the 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 HIV/AIDS Alliance for Region Two, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, 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.



Daigrepont & Brian, APAC
Baton Rouge, LA

June 28, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM**

To the Board of Directors
HIV/AIDS Alliance for Region Two, Inc.
Baton Rouge, LA

Report on Compliance for Each Major Federal Program

We have audited HIV/AIDS Alliance for Region Two, Inc.'s (HAART) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of HAART's major federal programs for the year ended December 31, 2021. HAART's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of HAART'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 HAART'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 HAART's compliance.

Opinion on Each Major Federal Program

In our opinion, HAART complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control Over Compliance

Management of HAART 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 HAART'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 our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 HAART'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Daigrepont & Brian, APAC
Baton Rouge, LA

June 28, 2022

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

Summary of Auditors' Reports

Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.241	Housing Opportunity for Persons with AIDS
93.917	HIV Care Formula Grants - Ryan White Part B

Dollar threshold used to distinguish between Type A and Type B programs \$ 880,730

Is the auditee a 'low risk' auditee as defined by the Uniform Guidance Yes No

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control			
Material Weaknesses	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Significant Deficiencies	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Compliance with Provisions of Laws, Regulation, Contracts or Grant Agreements	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

Report on Each Major Federal Program and on Internal Control Over Compliance

Internal Control			
Material Weaknesses	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Significant Deficiencies	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

Type of Opinion on Compliance for Each Major Program	
14.241 - Housing Opportunity for Persons with AIDS	<u>Unmodified</u>
93.917 - HIV Care Formula Grants - Ryan White Part B	<u>Unmodified</u>

Are there findings required to be reported in accordance with the Uniform Guidance Yes No

Findings - Financial Statement Audit

There are no findings for the year ended December 31, 2021.

Questioned Costs

There are no questioned costs for the year ended December 31, 2021.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Summary of Prior Audit Findings

There were no findings for the year ended December 31, 2020.

Questioned Costs

There were no questioned cost for the year ended December 31, 2020.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
HIV/AIDS Alliance for Region Two, Inc.
Baton Rouge, LA

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. HIV/AIDS Alliance for Region Two, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

HIV/AIDS Alliance for Region Two, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception: There is no written policy and procedure regarding budgeting. However, a budget is prepared and approved by the board on an annual basis.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: No exceptions noted as a result of applying this procedure.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted as a result of applying this procedure.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted as a result of applying this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted as a result of applying this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

10. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
11. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature

of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: No exceptions noted as a result of applying this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted as a result of applying this procedure.

Contracts

14. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted as a result of applying this procedure.

Payroll and Personnel

15. Obtain a listing of employees and officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
16. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - b) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - c) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
17. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
18. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted as a result of applying this procedure.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: HIV/AIDS Alliance for Region Two, Inc. is a nonprofit organization so this procedure does not apply.

Debt Service

20. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: HIV/AIDS Alliance for Region Two, Inc. is a nonprofit organization so this procedure does not apply.

Fraud Notice

22. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

23. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted as a result of applying this procedure.

Information Technology Disaster Recovery/Business Continuity

24. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: HIV/AIDS Alliance for Region Two, Inc. is a nonprofit organization so this procedure does not apply.

Management’s Response: We have reviewed the independent accountant’s report on applying agreed-upon procedures and agree with the exceptions noted. We will review our policies and procedures and update accordingly to include the best practices suggested by the Louisiana Legislative Auditor.

We were engaged by HIV/AIDS Alliance for Region Two, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of HIV/AIDS Alliance for Region Two, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Daigrepoint & Brian, APAC
Baton Rouge, LA

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