



**LUTHER SPEIGHT & COMPANY**  
*Certified Public Accountants and Consultants*

BROTHERHOOD, INCORPORATED  
(A Nonprofit Organization)

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2014

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**LUTHER SPEIGHT & COMPANY**  
*Certified Public Accountants and Consultants*

INDEPENDENT AUDITOR 'S REPORT

To the Board of Directors of  
Brotherhood, Inc.

*Report on the Financial Statements*

We have audited the accompanying financial statements of Brotherhood, Inc. (Brotherhood) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brotherhood, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued,

*Other Matters*  
*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2015, on our consideration of Brotherhood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Brotherhood's internal control over financial reporting and compliance.



Luther Speight & Company CPAs

New Orleans, Louisiana  
September 23, 2015

Brotherhood, Incorporated  
Statement of Financial Position  
December 31, 2014

**Assets**

Current Assets:

Cash	\$ 47,193
Grants Receivable	<u>150,360</u>
Total Current Assets	<u>197,553</u>

Land	18,000
Capital Assets (Net)	<u>335,324</u>
Net Fixed Assets	353,324

Total Assets	<u><u>550,877</u></u>
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**Liabilities and Net Assets**

Liabilities:

Accounts Payable	24,112
Payroll & Payroll Related Liabilities	28,577
Line of Credit	96,557
Deposits	<u>3,875</u>
Total Liabilities	<u>153,121</u>

Net Assets:

Unrestricted	<u>397,756</u>
Total Net Assets	<u>397,756</u>

Total Liabilities and Net Assets	<u><u>\$ 550,877</u></u>
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See Accompanying Notes to the Financial Statements.

Brotherhood, Incorporated  
Statement of Activities  
For the Year Ended December 31, 2014

<b>Public Support and Revenues</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Grant	\$ -	\$ 778,466	\$ -	\$ 778,466
Other	8,323	-	-	8,323
Program Income	42,281	-	-	42,281
Releases from Restrictions	778,466	(778,466)	-	-
Total Public Support and Revenues	<u>829,070</u>	<u>-</u>	<u>-</u>	<u>829,070</u>
 <b>Expenses</b>				
Program Services:				
A. HIV/AIDS Housing	316,449	-	-	316,449
B. HIV/AIDS Prevention	336,626	-	-	336,626
C. Advocacy Social Justice	73,802	-	-	73,802
Support Services:				
Management and General	<u>104,971</u>	<u>-</u>	<u>-</u>	<u>104,971</u>
Total Expenses	<u>831,848</u>	<u>-</u>	<u>-</u>	<u>831,848</u>
Change in Net Assets from Operations	<u>(2,778)</u>	<u>-</u>	<u>-</u>	<u>(2,778)</u>
Net Asset Adjustment (Note 11)	25,431	-	-	25,431
Net Assets, Beginning of Period	<u>375,103</u>	<u>-</u>	<u>-</u>	<u>375,103</u>
Net Assets, End of Period	<u>\$ 397,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,756</u>

See Accompanying Notes to the Financial Statements.

Brotherhood, Incorporated  
Statement of Cash Flows  
December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets \$ (2,778)

Adjustments to reconcile changes in net assets  
to net cash provided in operating activities:

Depreciation	35,844
Increase in Accounts Receivables	(45,914)
Decrease in Other Current Assets	5,521
Increase in Payroll & Payroll Related Liabilities	14,732
Increase in Accounts Payable	24,112
Other Liabilities	<u>2,991</u>
Net Cash Provided/Used by Operating Activities	<u>34,508</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Change in Fixed Assets	<u>22,460</u>
Net Cash Provided/Used By Investing Activities	22,460

CASH FLOWS FROM BY FINANCING ACTIVITIES:

Decrease in Line of Credit	<u>(15,853)</u>
Net Cash Provided/Use By Financing Activities	(15,853)

Net Decrease in Cash and Cash Equivalents	<u>18,655</u>
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Beginning Cash and Cash Equivalents	<u>28,538</u>
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Ending Cash and Cash Equivalents	<u>\$ 47,193</u>
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See Accompanying Notes to the Financial Statements.

Brotherhood, Incorporated  
Statement of Functional Expenses  
For the Year Ended December 31, 2014

	HIV/AIDS	HIV/AIDS	Advocacy	Total	Management & General	2014
	Housing	Prevention	Social Justice			Total
Salaries & Related Expenses	\$ 271,048	\$ 191,033	\$ 47,321	\$ 509,402	98,185	\$ 607,587
Communications	3,503	11,012	1,267	15,782	1,009	16,791
Program Incentives	-	13,750	-	13,750	-	13,750
Stipends	-	1,400	-	1,400	-	1,400
Program Supplies	4,954	-	1,243	6,197	6,578	12,775
Office Supplies	734	1,493	3,682	5,909	1,493	7,402
Equipment & Property Expenses	13,228	13,592	2,689	29,509	21,050	50,559
Utilities, Household & Advert Exp	12,238	19,564	153	31,955	7,364	39,319
Contractual Expenses	-	-	-	-	-	-
Professional Fees	9,075	3,657	769	13,501	150	13,651
Travel & Training	1,201	8,200	7,511	16,912	4,787	21,699
Other Expenses	120	144	184	448	3,780	4,228
Interest Expense	-	-	-	-	3,971	3,971
Fees, Taxes and Assessments	348	5	-	353	-	353
Indirect Costs	-	72,776	8,983	81,759	(79,240)	2,519
Sub-Totals	<u>316,449</u>	<u>336,626</u>	<u>73,802</u>	<u>726,877</u>	<u>69,127</u>	<u>796,004</u>
Depreciation	-	-	-	-	35,844	35,844
Totals	<u>\$ 316,449</u>	<u>\$ 336,626</u>	<u>\$ 73,802</u>	<u>\$ 726,877</u>	<u>\$ 104,971</u>	<u>\$ 831,848</u>

See Accompanying Notes to the Financial Statements.

Brotherhood, Incorporated  
Notes to the Financial Statements  
December 31, 2014

**NOTE 1 - ORGANIZATION**

Brotherhood, Inc. is a nonprofit, community based organization that is dedicated to providing housing and healthcare for individuals suffering from Human Immune/Deficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) and to provide support services for their families. Brotherhood, Inc. was incorporated on June 7, 1996 pursuant to the provisions of the Louisiana Nonprofit Law, Louisiana R. S. 12:201 – 12:269 (1950 as amended).

Brotherhood, Inc. offers and provides the following programs and services:

- HIV/AIDS Education and Training;
- Risk Reduction Workshops;
- African American Community Leader Training;
- Community Awareness Sessions and Health Fairs;
- Street and Venue Based Outreach;
- Condom Distribution;
- HIV Counseling and Testing;
- Peer Lead Support Groups;
- Referrals and Other Services
- Support housing for people with special needs; and
- Capacity building assistance to other community based organizations.

Programs and services provided by Brotherhood Inc. are funded primarily by grants from the following agencies:

- U. S. Department of Health and Human Services – Center for Disease Control and Prevention:

**HIV Prevention Activities**

- Community Based HIV Prevention Projects for African Americans
- HIV Prevention Projects for YMCSM and YTG
- U. S. Department of Housing and Urban Development - passed through the City of New Orleans:
  - Home Investment Partnership Program
  - Housing Opportunities for Persons With AIDS

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Accounting**

Brotherhood, Inc. is a non-profit, community-based organization whose financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Reporting**

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, Brotherhood classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted, and permanently restricted net assets according to external (donor) imposed restrictions. A description of these three net asset categories is as follows:

- o Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of Brotherhood, Inc. are included in this category. Brotherhood, Inc. has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of Brotherhood, Inc. and, therefore, Brotherhood, Inc.'s policy is to record those net assets as unrestricted.
- o Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions have not been met.

Brotherhood, Incorporated  
Notes to the Financial Statements  
December 31, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- o Permanently restricted net assets are contributions, which are required by the donor-imposed restriction to be invested in perpetuity and only the income, be made available for program operations in accordance with donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions

At December 31, 2014, Brotherhood, Inc. did not have any temporarily or permanently restricted net assets.

Use of Estimates

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

Land, Furniture, Equipment, Building, and Improvements

Land, furniture, equipment, building and improvements of Brotherhood, Inc. are recorded as assets and are stated at historical cost, if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Long-lived assets over \$500 are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of assets as follows:

Furniture and Equipment	3-7 Years
Building and Improvements	10-27.5 Years

Brotherhood, Incorporated  
Notes to the Financial Statements  
December 31, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Such assets and related accumulated depreciation consists of the following:

Land	<u>\$ 18,000</u>
Furniture and Fixtures	29,341
Building and Improvements	563,334
Equipment	71,451
Vehicles	32,598
Accumulated Depreciation	<u>(361,490)</u>
	335,324
Net Fixed Assets	<u>\$353,324</u>

Depreciation expense for the year then ended December 31, 2014 was \$35,844.

Support and Revenues

Revenues received under government grant programs are recognized when earned. For cost-reimbursement grants, the revenue is earned when the related expenditure is incurred. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Functional Allocation of Expenses

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

Cash Equivalents

For purposes of the statement of cash flows, Brotherhood, Inc. considers all cash in demand deposits and investments purchased with a maturity date of three months or less to be cash equivalents.

Brotherhood, Incorporated  
Notes to the Financial Statements  
December 31, 2014

**NOTE 3 – ECONOMIC DEPENDENCY**

The primary source of revenue for Brotherhood, Inc. is federal grants provided through various funding agencies. The continued success of Brotherhood, Inc. is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

**NOTE 4 - UNRESTRICTED CONTRIBUTIONS**

Contributions consist of donations made to Brotherhood, Inc. to provide support to the operation of Brotherhood, Inc. as well as to fund specific projects as designated by the donor or the Board of Directors.

**NOTE 5 - GOVERNMENT GRANTS**

Brotherhood, Inc. is the recipient of several federal awards, as disclosed in the schedule of expenditures of federal awards. Included in grant revenue are funds disbursed from several funding sources to provide funds for the implementation of various community programs as well as to support the operations of Brotherhood, Inc.

**NOTE 6-OPERATING LEASE**

Brotherhood, Inc. executes an annual lease agreement for the use of office space in a building located at 2714 Canal Street. Payments for 2014 and the three (3) prior years are referenced as:

<u>December 31</u>	<u>Amount</u>
2012	26,962
2013	17,975
2014	17,975

Brotherhood, Incorporated  
Notes to the Financial Statements  
December 31, 2014

**NOTE 7 – INCOME TAXES**

Brotherhood, Inc. is exempt from federal income taxes through Section 501 (c)(3) of the Internal Revenue Code.

**NOTE 8 -CONTINGENCY**

Brotherhood, Inc. is a recipient of several grants and awards of federal funds. These grants and awards are governed by various federal guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants and awards is under the control and administration of Brotherhood, Inc., and is subject to audit and /or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

**NOTE 9 -LINE OF CREDIT**

At December 31, 2014, note payable consists of the following:

Advances under a line-of-credit with a variable interest rate.

With no stated date of maturity payable on demand. \$ 96,557

**NOTE 10-PENSION PLAN**

The Organization has a 403(b) Pension Plan. Employees, who have successfully completed their 90 day probationary period are qualified to join the plan. The organization does not contribute any money to the plan.

**NOTE 11 – NET ASSET ADJUSTMENT**

During 2014, management determined Fixed Assets in the amount of \$25,431 related to Net Fixed Assets corrected in prior years, resulting in an understatement of beginning net assets. Management recorded a net asset adjustment during 2014 to reflect the effect of those assets to the prior period.

**NOTE 12-SUBSEQUENT EVENTS**

In preparing these financial statements, Brotherhood has evaluated events and transactions for potential recognition or disclosure through September 23, 2015, the date the financial statements were available to be issued.

Brotherhood, Incorporated  
 Schedule of Expenditures of Federal Awards  
 December 31, 2014

<u>Federal Grantor</u>	<u>Pass-through Grantor</u>	<u>CFDA Number</u>	<u>Program Title</u>	<u>Project Number</u>	<u>Award Expenditures</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Center for Disease Control and Prevention:					
			<u>HIV Prevention Activities</u>		
		93.939	HIV Prevention Projects for CBO	5U65PS002403-04	167,918
		93.939	HIV Prevention Projects for CBO	5U65PS002403-05	169,052
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - PUBLIC HEALTH SERVICE</u>					
Pass through the City of New Orleans					
		14.241	Housing Opportunities for Persons With AIDS	HOPWA 021B	339,110
<b>TOTAL FEDERAL EXPENDITURES</b>					<b>\$ 676,080</b>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

Brotherhood, Incorporated  
Notes to Schedule of Expenditures of Federal Awards  
Year ended December 31, 2014

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of Brotherhood, Inc., 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." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



**LUTHER SPEIGHT & COMPANY**  
*Certified Public Accountants and Consultants*

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

To the Board of Directors of  
Brotherhood, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brotherhood, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2015.

We have reissued this report to referenced report to include finding no. 2014-1 related to late audit report submission as reflected in the compliance section that follows. The detailed finding has also been included on page 24 of this report. All other aspects of the previously issued audit report remain unchanged.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Brotherhood's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brotherhood's internal control. Accordingly, we do not express an opinion on the effectiveness of Brotherhood's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

Continued,

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Brotherhood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-01 and 2014-02.

### **Brotherhood's Response to Findings**

Brotherhood's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Brotherhood's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Luther Speight & Company CPAs

New Orleans, Louisiana  
September 23, 2015



LUTHER SPEIGHT & COMPANY  
*Certified Public Accountants and Consultants*

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

To the Board of Trustees of  
Brotherhood, Inc.

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

We have audited Brotherhood Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Brotherhood's major federal programs for the year ended December 31, 2014. Brotherhood's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Brotherhood's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Brotherhood'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 Brotherhood's compliance.

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

In our opinion, Brotherhood 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, 2014.

Continued,

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-01. Our opinion on each major federal program is not modified with respect to these matters.

Brotherhood's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Brotherhood 's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of Brotherhood 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 Brotherhood 's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brotherhood '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.

Continued,

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Luther Speight & Co.", written in a cursive style.

Luther Speight & Company CPAs

New Orleans, Louisiana

September 23, 2015

Brotherhood, Incorporated  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2014

**Section I – Summary of Auditor’s Results**

***Financial Statements***

An unqualified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified?                     yes     no  
Significant deficiencies identified  
not considered to be material weaknesses?     yes     no

Noncompliance material to financial statements noted?     yes     no

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?                     yes     no  
  
Significant deficiencies identified  
not considered to be material weaknesses?     yes     no

Other matters or instances on  
noncompliance required to be reported  
in accordance with OMB Circular A-133?     yes     no

An unqualified opinion was issued on compliance for the major programs.

Any audit findings disclosed that are required to be reported in  
accordance with Circular A-133, Section 510(a)?     yes     no

Brotherhood, Incorporated  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2014

The major program's for the year ended December 31, 2014 was as follows:

<u>PROGRAM TITLE</u>	<u>CFDA #</u>
U.S. Department of Health and Human Services - HIV Prevention Projects CBO	(CFDA 93.939)
Housing Opportunities for Persons With AIDS	(CFDA 14.241)

The threshold for distinguishing Type A and B programs was \$300,000.

Brotherhood, Inc. did not qualify as a low-risk auditee.

Brotherhood, Incorporated  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2014

**2014-01 – PROGRAM PERFORMANCE**

**CRITERIA:**

The federal award recipient was required to have 150 AAMSM ages 25 and up to participate and complete the counseling, testing, and referral services.

The federal award recipient was also required to provide counseling, testing, and referral services to 75 AAMtFT HIV-infected or at high-risk for HIV-infection.

**CONDITION:**

Brotherhood, Inc.'s programmatic performance did not achieve the grant goals and objectives benchmarks for two (2) of the four (4) objectives stated in the referenced grant agreement in terms of the level of services performed. Specifically, our testing indicated that Brotherhood, Inc., provided HIV counseling, testing and referral services to 91 AAMSM between the ages of 25 and up, HIV infected or at risk for HIV infection, residing in the New Orleans metro area.

Our testing indicated that Brotherhood, Inc., provided HIV counseling, testing and referral services to 11 AAMtFT between the ages of 25 and up, HIV infected or at risk for HIV infection, residing in the New Orleans metro area.

**CAUSE:**

We were unable to determine the cause for this condition.

**EFFECT:**

The federal award recipient accomplished 60% (91/150) of SMART Goals for the AAMSM demographic and 15% (11/75) respectively for the AAMtFT demographic.

**RECOMMENDATION:**

A comparison of actual accomplishments with goals and objectives should be monitored on a routine basis. Whenever appropriate, the goals should be readjusted and submitted for approval to the applicable funding agency.

Brotherhood, Incorporated  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2014

**2014-01 – PROGRAM PERFORMANCE (CONTINUED)**

**MANAGEMENT RESPONSE:**

In the area of Program Performance, the auditor's findings indicated that Brotherhood, Incorporated fell short in meeting the objectives of two(2) of the four (4) objectives stated in the agreement under the PS 10-1003 grant award, in terms of the level of services performed. More specifically, Brotherhood, Incorporated was to have provided HIV counseling, testing and referral services to 150 AAMSM between the ages of 18 and up, HIV infected or at risk for HIV infection, residing in the New Orleans metro area. Additionally, the second objective was for Brotherhood to provide HIV counseling, testing, and referral services to 75 AAMfFT, between the ages of 18 and up, HIV infected or at risk for HIV infection, residing in the New Orleans Metro area.

The shortage in the number of clients tested can be attributed to the following: There were personnel changes in Brotherhood, Incorporated's, program staff as far as the AAMfFT demographic is concerned. Downtime had to be considered for the hiring of replacements and time needed for new personnel to acquire the appropriate trainings and competencies needed to perform the job. As far as the AAMSM demographic is concerned, program staff made a valiant effort of testing the required number of AAMSM. However, there are several other agencies funded in the city targeting the same demographic, so competition was fierce for testing the AAMSM population.

**CORRECTIVE ACTION:**

Brotherhood staff as well as management will convene Advisory Board meetings of the AAMSM has AAMtFT demographics to strategize venues to conduct outreach and recruitment for HIV testing. In addition, program staff will also work with area business owners to establish MOUs for outreach and recruitment for testing of the AAMSM and AAMtFT populations. We will also meet with other HIV community-based organization to ensure that there is no duplication of efforts in the areas targeted for outreach and recruitment.

Brotherhood, Incorporated  
Schedule of Findings and Management Responses  
For the Year Ended December 31, 2014

**FINDING #2014-02: AUDIT REPORT NOT SUBMITTED TIMELY**

**CRITERIA:**

Louisiana Revised Statute 24:513 requires that Agencies receiving federal, state, or local government funding from the State of Louisiana submit an independent financial statement engagement to the Louisiana Legislative Auditor's office within six months from their fiscal year end.

**CONDITION:**

The Organization did not complete and submit its independent audit report within the six (6) months after the close of their fiscal year.

**CAUSE:**

The Organization was not aware of the Louisiana Legislative Auditor guidelines in reference to the six-month audit submission deadline.

**EFFECT:**

The Organization's independent audit report was submitted after the submission deadline.

**RECOMMENDATION:**

We recommend that the Organization update its administrative procedures to include timely engagement of their independent auditor and assure submission of the audit report to the Louisiana Legislative Auditor within six months of the agency's year-end.

**MANAGEMENT'S RESPONSE:**

Management was not aware of the Legislative Auditor requirements related to the six-month submission deadline. We have reviewed the requirements of the LA Revised Statute 24:513 and have updated our administrative procedures to assure compliance with these requirements for each year going forward.

BROTHERHOOD, INCORPORATED  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Ref. No</u>	<u>Description of Finding</u>	<u>Resolved/Unresolved</u>
2013-01	Program Performance	Unresolved
2013-02	Program Performance	Resolved
2013-03	Maintaining Fixed Asset Subsidiary Ledger	Unresolved
2013-04	Inconsistent Record Keeping of Annual Progress Report Data	Resolved