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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

Louisiana Legislative Auditor,

We are resubmitting the report for HIV/AIDS Alliance for Region Two, Inc. to correct an error on the Schedule of Findings and Questioned Costs on page 21. The original filing only reported one major program but there should have been two major programs. We have added CFDA number 93.914 HIV Emergency Relief Grant Program – Ryan White Part A/MAI to the Schedule of Findings and Questioned Costs.

Daigrepoint & Brian APAC

Daigrepoint and Brian, APAC
Baton Rouge, LA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 17 2018

REISSUE

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016**

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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

We have audited the accompanying 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, 2016 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, 2016 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.

Other Matters

Other 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of HIV/AIDS Alliance for Region Two, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HIV/AIDS Alliance for Region Two, Inc.'s internal control over financial reporting and compliance.

Daigrepoint + Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

December 8, 2017

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current Assets	
Cash	\$ 3,315,296
Certificates of deposit	100,040
Accounts receivable, net	5,973,258
Prepaid expenses	111,381
Total Current Assets	<u>9,499,975</u>
Property and Equipment, net	<u>2,021,769</u>
Total Assets	<u><u>\$ 11,521,744</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 698,364
Current portion of long term debt	29,853
Accrued expenses	376,245
Tenant deposits	3,250
Total Current Liabilities	<u>1,107,712</u>
Long Term Debt	123,473
Unrestricted Net Assets	<u>10,290,559</u>
Total Liabilities and Net Assets	<u><u>\$ 11,521,744</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 ENDING DECEMBER 31, 2016

REVENUES

Governmental grants	\$ 20,672,329
340B drug program	6,885,812
Fees for services	589,418
Housing income	60,977
Contributions	65,326
Fundraising revenues	16,550
Other income	21,673
Total Revenues	<u>28,312,085</u>

EXPENSES

Program expenses	
340B drug program	3,292,489
Housing and supportive services	1,606,890
Prevention and education services	455,614
Health insurance program	16,852,325
Medical services	3,911,346
General and administrative	3,026,924
Total Expenses	<u>29,145,588</u>

CHANGE IN NET ASSETS

	(833,503)
Net assets - beginning of year	<u>11,124,062</u>
Net assets - end of year	<u>\$ 10,290,559</u>

See accompanying notes and independent auditors' report.

HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDING DECEMBER 31, 2016

	340B Drug Program	Housing & Supportive Services	Prevention & Education Services	Health Insurance Program	Medical Services	General & Administrative	Total
Bad debt	\$ -	\$ 48,323	\$ 16,214	\$ -	\$ -	\$ 1,250	\$ 65,787
Depreciation	-	-	-	-	7,622	114,030	121,652
Direct assistance and programs	3,279,638	775,590	84,693	16,206,384	1,354,758	11,351	21,712,414
Employee benefits	-	61,226	25,222	51,242	70,092	88,719	296,501
Events and fundraising	-	54	8,654	527	3,010	32,441	44,686
Facility and equipment expense	-	641	4,862	1,469	16,146	84,000	107,118
General operating expense	2,832	12,416	44,612	20,528	96,928	193,657	370,973
Insurance	-	-	123	-	41,376	63,444	104,943
Payroll taxes	-	44,971	16,499	36,428	106,102	127,949	331,949
Professional services	-	2,870	1,105	6,325	255,903	364,233	630,436
Rent	-	41,950	16,828	28,010	229,591	108,277	424,656
Salaries and wages	-	609,503	223,609	493,721	1,438,024	1,734,107	4,498,964
Supplies	4,541	6,604	4,452	6,669	263,105	50,648	336,019
Travel	5,478	2,742	8,741	1,022	28,689	52,818	99,490
Total expenses	\$ 3,292,489	\$ 1,606,890	\$ 455,614	\$ 16,852,325	\$ 3,911,346	\$ 3,026,924	\$ 29,145,588

See accompanying notes and independent auditors' report.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (833,503)
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>	
Depreciation	121,652
Change in allowance for doubtful accounts	(75,353)
Decrease in accounts receivable	1,614,979
Increase in investments	(40)
Decrease in inventories	10,097
Decrease in prepaid expenses	214,326
Decrease in accounts payable	(82,944)
Increase in other liabilities	170,743
Total adjustments	<u>1,973,460</u>
Net cash provided by operating activities	<u>1,139,957</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	<u>(614,349)</u>
Net cash used by investing activities	<u>(614,349)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Draws on line of credit	2,313,845
Payments on line of credit	(2,313,845)
Principal payments on long term debt	<u>(32,492)</u>
Net cash used by financing activities	<u>(32,492)</u>

INCREASE IN CASH	493,116
CASH, BEGINNING OF YEAR	<u>2,822,180</u>
CASH, END OF YEAR	<u>\$ 3,315,296</u>

SUPPLEMENTAL DISCLOSURE

Cash paid for interest	<u>\$ 28,918</u>
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See accompanying notes and independent auditors' report.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services				
Health Center Program	93.224	N/A	-	\$ 868,077
Louisiana Department of Health				
HIV Care Formula Grants - Ryan White Part B	93.917	61274	-	17,806,896
HIV Prevention Activities-Health Department Based Care and Prevention in the United States (CAPUS)	93.940	61192	-	154,053
STD/HIV Program - Wellness	93.940	60587	-	93,057
STD/HIV Program - Testing	93.940	60611	-	84,072
City of Baton Rouge/Parish of East Baton Rouge				
HIV Emergency Relief Grant Program - Ryan White Part A	93.914	PO160658	-	822,277
HIV Emergency Relief Grant Program - Ryan White Part A MAI	93.914	PO160659	-	60,738
Louisiana Public Health Institute				
Community Programs to Improve Minority Health Grant Program	93.137	833	-	14,699
Total U.S. Department of Health and Human Services			-	19,903,869
U.S. Department of Housing and Urban Development				
City of Baton Rouge/Parish of East Baton Rouge				
Supportive Housing Program	14.235	N/A	-	299,342
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	LAH16F002	-	469,118
Total U.S. Department of Housing and Urban Development			-	768,460
Total Expenditures of Federal Awards			\$ -	\$20,672,329

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2016. 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 FROM PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Chief Executive Officer: Timothy Young

Salary	\$ 121,694
Benefits	5,128
Reimbursements	2,765
Travel	6,698
	<u>\$ 136,285</u>

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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 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, 2016 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 December 8, 2017.

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 significant deficiencies or material weaknesses. 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.

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

December 8, 2017

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

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, 2016. 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 on 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 its major federal program for the year ended December 31, 2016.

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.

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

December 8, 2017

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

We have audited the consolidated financial statements of HIV/AIDS Alliance for Region Two, Inc., as of December 31, 2016, and for the year then ended, and have issued our report thereon dated December 8, 2017. 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 and the provisions of the Uniform Guidance. Our audit of the consolidated financial statements as of December 31, 2016 resulted in an unmodified opinion.

Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control			
Material Weaknesses	Yes	_____	No <u> X </u>
Significant Deficiencies	Yes	_____	No <u> X </u>
Compliance			
Compliance Material to Financial Statements	Yes	_____	No <u> X </u>

B. Federal Awards

Internal Control			
Material Weaknesses	Yes	_____	No <u> X </u>
Significant Deficiencies	Yes	_____	No <u> X </u>
Type of Opinion on Compliance for Major Programs		Unmodified	
Are there findings required to be reported in accordance with the Uniform Guidance	Yes	_____	No <u> X </u>
Was there a management letter issued	Yes	_____	No <u> X </u>

C. Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster
93.917	HIV Care Formula Grants - Ryan White Part B
93.914	HIV Emergency Relief Grant Program - Ryan White Part A/MAI

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

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

Findings - Financial Statement Audit

There are no findings for the year ended December 31, 2016.

Questioned Costs

There are no questioned costs for the year ended December 31, 2016.

**HIV/AIDS ALLIANCE FOR REGION TWO, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Summary of Prior Audit Findings

Finding 2015-1 - Bank Reconciliations

Status: The finding related to the timeliness and accuracy of bank reconciliations has been resolved.

Finding 2015-2 - Engagement Completion and Submission

Status: The finding related to completing and submission of the audit reports and financial statements by the statutory due date has been resolved.