

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

Lafayette, Louisiana

Financial Report

Years Ended December 31, 2018 and 2017

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-3
FINANCIAL STATEMENTS	
Statements of Financial Position	5
Statements of Activities	6-7
Statement of Functional Expenses - 2018	8
Statement of Functional Expenses - 2017	9
Statements of Cash Flows	10
NOTES TO FINANCIAL STATEMENTS	11-17
SUPPLEMENTAL INFORMATION	
INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION	
Schedule of Expenditures of Federal Awards	20-21
Notes to the Schedule of Expenditures of Federal Awards	22
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements <i>Performed in Accordance with Government Auditing Standards</i>	23-24
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	25-26
Schedule of Findings and Questioned Costs	27-28
Summary Schedule of Prior Audit Findings	29

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants
100 Petroleum Drive, 70508
P.O. Box 80569 • Lafayette, Louisiana 70598-0569
(337) 232-3637 • Fax (337) 235-8557
www.wmddh.com

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*

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

RICK L. STUTES, CPA, CVA/ABV,
APA, CFF/MAFF*

CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

JOAN MARTIN, CPA, CVA, CFF, FABFA**

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Acadiana Concern for AIDS Relief, Education
and Support, Inc.

Report on the Financial Statements

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



We have audited the accompanying financial statements of Acadiana Concern for AIDS Relief, Education and Support, Inc. (CARES) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

ANDRE' D. BROUSSARD, CPA

DANIELLE M. CASTILLE, CPA

ALEXANDRA DARDAR, CPA, MBA

ROBERT T. DUCHARME, II, CPA

GREG HARBOURT, CPA, CVA

MARY PATRICIA KEELEY, CPA

CORITA K. KUON, CPA, CVA

JOSEPH LACOMBE, CPA

WENDY ORTEGO, CPA, CVA

SUMATI T. PADHY, CPA

STEPHANIE A. RAWLINSON, CPA

KEITH SIBILLE, CPA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

STEPHANIE L. WEST, CPA, MBA

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatements 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 CARES as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years 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 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*, 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 supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplemental information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic 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 June 27, 2019, on our consideration of CARES'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 CARES's internal control over financial reporting and compliance.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
June 27, 2019

FINANCIAL STATEMENTS

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 708,616	\$ 1,028,940
Investments	50,000	50,000
Contracts and Grants Receivable	2,169,377	1,588,928
Other Receivables	73,671	89,871
Prepaid Expenses	50,038	37,313
Employee Advances	1,710	2,885
Total Current Assets	<u>3,053,412</u>	<u>2,797,937</u>
PROPERTY AND EQUIPMENT (NET)	<u>8,003,330</u>	<u>8,156,781</u>
OTHER ASSETS		
Deposits	31,525	31,525
Software, Net of Accumulated Amortization	22,082	43,078
Total Other Assets	<u>53,607</u>	<u>74,603</u>
TOTAL ASSETS	<u>\$ 11,110,349</u>	<u>\$ 11,029,321</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 277,955	\$ 93,654
Accrued Payroll and Related Liabilities	361,383	333,152
Accrued Compensated Absences	217,217	236,888
Tenant Deposits	29,412	50,000
Note Payable	1,170,420	826,165
Total Current Liabilities	<u>2,056,387</u>	<u>1,539,859</u>
NET ASSETS		
Net Assets With Donor Restrictions	366,913	366,913
Net Assets Without Donor Restrictions	8,687,049	9,122,549
Total Net Assets	<u>9,053,962</u>	<u>9,489,462</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,110,349</u>	<u>\$ 11,029,321</u>

The accompanying notes are an integral part of these statements.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**STATEMENTS OF ACTIVITIES
DECEMBER 31, 2018 AND 2017**

	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
PUBLIC SUPPORT		
Donations	\$ 17,998	\$ 10,172
Fundraising	-	3,652
Allocation From United Way	-	3,000
Total Public Support	17,998	16,824
 REVENUES		
Rental Income	645,096	567,687
Governmental Grants and Contracts	11,021,087	9,297,948
Private Insurance	578,751	269,202
Clinic Revenue	172,042	12,513
Meals Revenue	170,517	291,390
Miscellaneous	15,252	12,556
Mileage Revenue	11,943	12,087
Interest	30,230	30,032
Total Revenues	12,644,918	10,493,415
 TOTAL PUBLIC SUPPORT AND REVENUES	12,662,916	10,510,239
 EXPENSES		
Program Services:		
AIDS Education and Relief	11,631,437	10,512,765
Supporting Services:		
Management and General	1,466,979	1,463,842
Total Expenses	13,098,416	11,976,607
 DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(435,500)	(1,466,368)

The accompanying notes are an integral part of these statements.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**STATEMENTS OF ACTIVITIES
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Lafayette Parish Government Grant	\$ -	\$ 366,913
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	-	366,913
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(435,500)</u>	<u>(1,466,368)</u>
DECREASE IN NET ASSETS	(435,500)	(1,099,455)
NET ASSETS AT BEGINNING OF YEAR	<u>9,489,462</u>	<u>10,588,917</u>
NET ASSETS AT END OF YEAR	<u>\$ 9,053,962</u>	<u>\$ 9,489,462</u>

The accompanying notes are an integral part of these statements.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2018**

	PROGRAM SERVICES	SUPPORTING SERVICES	
	AIDS EDUCATION AND RELIEF	MANAGEMENT AND GENERAL	TOTAL
Compensation and Related Expenses			
Salaries	\$ 5,513,955	\$ 508,354	\$ 6,022,309
Compensated Absences	-	(19,011)	(19,011)
Employee Benefits			
Medical	699,145	62,973	762,118
Pension Plan	144,137	13,959	158,096
Payroll Taxes	420,984	41,214	462,198
	6,778,221	607,489	7,385,710
Advertising	29,926	16,556	46,482
Amortization	-	20,996	20,996
Bad Debt	11,334	36,593	47,927
Bank Charges	-	3,407	3,407
Contract Personnel	79,834	24,337	104,171
Contractual	1,687,875	-	1,687,875
Depreciation	-	325,559	325,559
Direct Assistance	2,183,528	8,860	2,192,388
Dues and Subscriptions	9,426	6,224	15,650
Equipment Leasing	6,164	2,864	9,028
Education and Outreach	5,642	1,118	6,760
Insurance	59,826	29,828	89,654
Interest Expense	-	93,048	93,048
Landscaping	-	10,222	10,222
Legal and Accounting	14,500	78,395	92,895
Miscellaneous	2,075	18,441	20,516
Office Expense	62,043	19,087	81,130
Postage	1,853	5,580	7,433
Repairs and Maintenance	71,255	47,472	118,727
Small Equipment	10,976	2,182	13,158
Supplies and Materials	230,185	17,780	247,965
Taxes and Licenses	600	514	1,114
Travel and Seminars	172,548	34,850	207,398
Utilities and Telephone	213,626	55,577	269,203
TOTAL	\$ 11,631,437	\$ 1,466,979	\$ 13,098,416

The accompanying notes are an integral part of these statements.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2017**

	PROGRAM SERVICES	SUPPORTING SERVICES	
	AIDS EDUCATION AND RELIEF	MANAGEMENT AND GENERAL	TOTAL
Compensation and Related Expenses			
Salaries	\$ 5,223,148	\$ 514,471	\$ 5,737,619
Compensated Absences	-	47,284	47,284
Employee Benefits			
Medical	603,894	53,761	657,655
Pension Plan	144,577	14,308	158,885
Payroll Taxes	403,092	40,918	444,010
	6,374,711	670,742	7,045,453
Advertising	26,641	7,125	33,766
Amortization	-	17,940	17,940
Bad Debt	17,586	698	18,284
Bank Charges	-	6,226	6,226
Contract Personnel	101,838	23,080	124,918
Contractual	862,117	-	862,117
Depreciation	-	325,453	325,453
Direct Assistance	2,234,800	17,601	2,252,401
Dues and Subscriptions	21,562	10,146	31,708
Equipment Leasing	8,617	3,495	12,112
Education and Outreach	2,660	85	2,745
Insurance	62,423	29,659	92,082
Interest Expense	-	54,485	54,485
Landscaping	519	5,461	5,980
Legal and Accounting	7,105	53,094	60,199
Miscellaneous	1,972	10,974	12,946
Office Expense	30,217	31,285	61,502
Postage	3,056	5,047	8,103
Repairs and Maintenance	74,134	78,877	153,011
Small Equipment	2,242	3,595	5,837
Supplies and Materials	303,016	27,862	330,878
Taxes and Licenses	845	425	1,270
Travel and Seminars	171,179	28,009	199,188
Utilities and Telephone	205,525	52,478	258,003
	\$ 10,512,765	\$ 1,463,842	\$ 11,976,607

The accompanying notes are an integral part of these statements.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**STATEMENTS OF CASH FLOWS
DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in Net Assets	\$ (435,500)	\$ (1,099,455)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	325,559	325,453
Amortization	20,996	17,940
Bad Debt	47,927	18,284
Changes in Current Assets and Liabilities:		
Contracts Receivable	(628,376)	1,262,890
Other Receivables	16,200	(69,121)
Prepaid Expenses	(12,725)	(14,523)
Employee Advances	1,175	(2,885)
Accounts Payable	183,826	(20,813)
Accrued Compensated Absences	(19,671)	47,284
Accrued Payroll and Related Liabilities	28,231	45,377
Tenant Deposits	<u>(20,588)</u>	<u>-</u>
Net Cash Provided By (Used In) Operating Activities	<u>(492,946)</u>	<u>510,431</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>(171,633)</u>	<u>(150,138)</u>
Net Cash (Used In) Investing Activities	<u>(171,633)</u>	<u>(150,138)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds (Repayments) on Line of Credit	344,255	(812,310)
Repayment of Long-Term Debt	<u>-</u>	<u>(3,027)</u>
Net Cash Provided By (Used In) Financing Activities	<u>344,255</u>	<u>(815,337)</u>
NET DECREASE IN CASH AND EQUIVALENTS	(320,324)	(455,044)
CASH, BEGINNING OF YEAR	<u>1,028,940</u>	<u>1,483,984</u>
CASH, END OF YEAR	<u>\$ 708,616</u>	<u>\$ 1,028,940</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	<u>\$ 93,048</u>	<u>\$ 54,485</u>

The accompanying notes are an integral part of these statements.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Acadiana Concern for AIDS Relief, Education, and Support, Inc. (CARES) is a nonprofit organization whose purpose is to respond to the presence of AIDS (Acquired Immune Deficiency Syndrome) in Lafayette, Louisiana, and the surrounding area by way of education, communication, support, direct assistance and companionship.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Basis of Accounting

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

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period; otherwise, the restriction expires when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from donor restrictions. As of December 31, 2018 and 2017, the Organization has \$366,913 and \$366,913 respectively in net assets with donor restrictions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Allowance for Doubtful Accounts

An allowance for doubtful accounts has not been established, as it is CARES' policy to use the direct write-off method for accounts that are deemed to be uncollectible.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Allowance for Doubtful Accounts - (continued)

Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles of the United States of America. The Organization generally does not require collateral, and the majority of its receivables are unsecured. The carrying amount for accounts receivable approximates fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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.

Federal Financial Awards

Revenues for direct and indirect federal contracts are recorded based on expenses incurred for contracts that are on a cost reimbursement basis, and based on the units of service for those contracts which are on a fee for service basis. In the Statement of Activities, these revenues are referred to as 'governmental grants and contracts'. Related contract receivables are referred to as 'contracts and grants receivable' in the Statement of Financial Position.

Donated Services

CARES receives substantial volunteer services in areas such as transportation, clerical, medical, food bank, hotline and fundraising. No amounts have been reflected on the statements for donated services because no objective basis is available to measure the value of such services.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$2,500 for property and equipment at historical cost. Donated property and equipment are valued at fair market value at the time of donation. If donors stipulate how the assets must be used, the contributions are recorded as with donor restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restricted support.

Depreciation is computed using the straight-line method over the assets' useful lives. Depreciation expense was \$325,559 and \$325,453 for the years ended December 31, 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other 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.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Compensated Absences

Employees accrue personal leave time from the first day of employment with the amount being determined based on length of service. An employee is allowed to earn a maximum of leave based on length of employment, but they may not accrue more than this maximum balance. At the time of termination of employment, employees are entitled to receive payment for earned personal leave not yet taken. Accordingly, an accrual has been made for accumulated personal leave as of December 31, 2018 and 2017.

Income Taxes

CARES qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, CARES has been determined by the Internal Revenue Service to be a public charity within the meaning of Section 509(a)(1) and 170(b)(1)(A)(vi) of the code.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to tax return examinations for the periods prior to 2015.

(B) CERTIFICATE OF DEPOSIT

The certificate of deposit in the amount of \$50,000 bears interest at .20 percent per annum and matures on January 26, 2019, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

(C) PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 45,000	\$ 45,000
Land Improvements	24,270	24,270
Buildings	7,782,671	7,675,000
Building Renovations	2,126,751	2,062,313
Autos and Trucks	55,587	55,587
Construction in Progress	9,694	9,694
Equipment	<u>473,855</u>	<u>521,964</u>
Total	10,517,828	10,393,828
Less: Accumulated Depreciation	<u>(2,514,498)</u>	<u>(2,237,047)</u>
Net Property and Equipment	<u>\$ 8,003,330</u>	<u>\$ 8,156,781</u>

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

(D) ADVERTISING

The Organization uses advertising to promote its programs among the individuals it serves. The cost of this advertising is expensed as incurred. Advertising costs totaled \$46,482 and \$33,766 for the years ended December 31, 2018 and 2017, respectively.

(E) NOTE PAYABLE

The Organization has a \$2,000,000 line of credit, secured by a mortgage on the organization's real property located in Lafayette, Louisiana. The line bears interest at a rate of prime plus 1.5 percent, currently 6.00 percent, with a maturity date of November 19, 2019. As of December 31, 2018 and 2017, the balance on the line was \$1,170,420 and \$826,165, respectively.

(F) NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018 and 2017, net assets with donor restrictions are available for the following purpose:

	2018	2017
Building Improvements	\$ 366,913	\$ 366,913

This donor restriction is a seven-year time-restriction for the improvement of the portion of the building to be used as the wellness center.

(G) OPERATING LEASE-LESSOR

In May 2012, the Company entered into a lease, as the lessor, for use of the premises for the purpose of establishing an 18-bed short term adult psychiatric hospital. The term of the initial lease is one year with automatic annual extensions for five (5) one-year terms expiring April 30, 2019.

On August 1, 2018, the Company entered into a lease as the lessor. The term of the initial lease is for three years expiring on July 31, 2021.

The total cost of the building being leased at December 31, 2018 was \$4,500,000 with accumulated depreciation of \$450,000.

Minimum future rental to be received on this operating lease is as follows:

2019	\$ 174,000
2020	174,000
2021	<u>101,500</u>
Total Minimum Future Rentals	<u>\$ 449,500</u>

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

(H) RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

(I) CONCENTRATION OF CREDIT RISK

The majority of CARES' revenues and accounts receivable are from contracts with the Louisiana Department of Health and Hospitals (DHH). The contracts are administered by DHH under programs which are funded primarily by federal government grants. If federal funding levels for the programs are reduced, or if the contracts are not renewed, the impact on CARES could be severe.

(J) EMPLOYEE BENEFIT PLAN

CARES has a defined contribution salary deferral plan covering substantially all employees. Under the plan, CARES matches 100% of eligible employees' salary deferrals (match not to exceed 6% of employee salary). Pension expense incurred during 2018 and 2017 was \$158,096 and \$158,885, respectively.

(K) FINANCIAL INSTRUMENTS

Financial instruments that potentially subject CARES to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with one high quality financial institution. At times, amounts may be in excess of the FDIC insurance limit of \$250,000. As of December 31, 2018, CARES had \$641,706 of cash in excess of FDIC limits. It is the opinion of management that the solvency of the referenced financial instruments is not of particular concern at this time.

The fair values of CARES' financial instruments are as follows:

Cash and short-term investments – The carrying amount approximates fair value because of the short maturities of those investments.

Bank loans payable – Fair value approximates carrying value since stated rates are similar to rates currently available to the Organization for debt with similar terms and remaining maturities.

(L) NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

(M) COMPENSATION, BENEFITS AND OTHER PAYMENTS TO EXECUTIVE DIRECTOR

A detail of compensation, benefits, and other payments paid to the Executive Director, Claude Martin, for the year ended December 31, 2018:

<u>Purpose</u>	
Salary	\$ 103,769
Benefits – Insurance	\$ 9,999
Benefits – Retirement	\$ 6,153
Conference Travel	\$ 8,800

(N) NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization’s financial statements:

- The temporarily restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted Net Assets	\$ 9,122,549	\$ -
Temporarily Restricted Net Assets	366,913	-
Net Assets without Donor Restrictions	-	9,122,549
Net Assets with Donor Restrictions	-	366,913
Total Net Assets	<u>\$ 9,489,462</u>	<u>\$ 9,489,462</u>

(O) LIQUIDITY AND AVAILABILITY

The Organization has \$3,003,374 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$708,616, investments of \$50,000 and receivables of \$2,244,758. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

(P) SUBSEQUENT EVENTS

Subsequent events were evaluated through June 27, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**INTERNAL CONTROL, COMPLIANCE
AND OTHER GRANT INFORMATION**

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2018**

<u>Program Title</u>	<u>CFDA</u>	<u>Grant Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
U.S. Department of Housing and Urban Development				
Supportive Housing Program:				
Project Home Again I	14.235 *	LA0016L6H001609	\$ 40,932	\$ -
Project Home Again II	14.235 *	LA0015L6H001609	298,933	-
Project Home Again IV	14.235 *	LA0181L6H001605	426,748	-
Coordinated Entry	14.235 *	LA0271L6H001701	<u>68,734</u>	<u>-</u>
Housing Opportunities for Persons with AIDS:				
Hope House and SATS	14.241	2000322070	<u>106,617</u>	<u>-</u>
Total for U.S. Department of Housing and Urban Development			<u>941,964</u>	<u>-</u>
U.S. Department of Health and Human Services				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth:				
Ryan White - Title IV	93.153	H12HA26263	<u>81,808</u>	<u>-</u>
Passed through the Louisiana Department of Health and Hospitals:				
HIV Care Formula Grants:				
HOPWA	93.917 *	2000245714	153,837	-
Ryan White Program	93.917 *	2000245714	<u>671,139</u>	<u>-</u>
Passed through the Louisiana Department of Health and Hospitals:				
HIV Prevention Grants:				
SIHLE	93.940 *	2000198816	90,475	-
Prevention Program - FFS	93.940 *	734737	64,468	-
Prevention Program - Wellness Center	93.940 *	2000353558	52,777	-
HIV Prevention	93.940 *	2000343896	<u>7,660,395</u>	<u>-</u>

(continued)

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - continued
DECEMBER 31, 2018**

<u>Program Title</u>	<u>CFDA</u>	<u>Grant Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
U.S. Department of Health and Human Services				
Passed through the Louisiana Department of Health and Hospitals:				
Substance Abuse Prevention and Treatment Block Grant:				
Acadiana Area Human Services District - Primary	93.959	2203782797	\$ 51,240	\$ -
Acadiana Area Human Services District - HIV Clinics	93.959	N/A	<u>20,848</u>	<u>-</u>
 Total for U.S. Department of Health and Human Services			 <u>8,846,987</u>	 <u>-</u>
 Total Expenditures			 <u>\$ 9,788,951</u>	 <u>\$ -</u>

* - denotes a major program

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
DECEMBER 31, 2018**

(A) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Acadiana Concern for AIDS Relief, Education and Support, Inc. under programs of the federal government for the year ended December 31, 2018. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as reimbursements.
- (2) Pass-through entity identifying numbers are presented where available.

(C) INDIRECT COST RATE

The Center has elected to use the 10% de minimis indirect cost rate for the year ended December 31, 2018, unless otherwise negotiated.

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants
100 Petroleum Drive, 70508
P.O. Box 80569 • Lafayette, Louisiana 70598-0569
(337) 232-3637 • Fax (337) 235-8557
www.wmddl.com

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

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

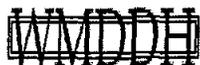
RICK L. STUTES, CPA, CVA/ABV,
APA, CFF/MAFF*

CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

JOAN MARTIN, CPA, CVA, CFF, FABFA**

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** A LIMITED LIABILITY COMPANY



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STEPHANIE L. WEST, CPA, MBA

The Board of Directors
Acadiana Concern for AIDS Relief, Education
and Support, Inc.
Lafayette, Louisiana

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 Acadiana Concern for AIDS Relief, Education and Support, Inc. (CARES) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 June 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CARES'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 CARES'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 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 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. 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 CARES'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 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.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
June 27, 2019

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Certified Public Accountants
100 Petroleum Drive, 70508
P.O. Box 80569 • Lafayette, Louisiana 70598-0569
(337) 232-3637 • Fax (337) 235-8557
www.wmddh.com

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

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

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The Board of Directors
Acadiana Concern for AIDS Relief, Education
and Support, Inc.
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Acadiana Concern for AIDS Relief, Education and Support, Inc. (CARES)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CARES's major federal programs for the year ended December 31, 2018. CARES'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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CARES'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 CARES'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 CARES's compliance.

Opinion on Each Major Federal Program

In our opinion, CARES 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, 2018.

Report on Internal Control over Compliance

Management of CARES 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 CARES'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 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 CARES'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.

***Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC***

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
June 27, 2019

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

We have audited the financial statements of Acadiana Concern for Aids Relief, Education, and Support, Inc. as of and for the year ended December 31, 2018, and have issued our report thereon dated June 27, 2019. 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 audit of the financial statements as of December 31, 2018 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

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

Compliance

Noncompliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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b. *Federal Awards*

Major Programs Identification

CARES at December 31, 2018, had three major programs:

- Department of Housing and Urban Development – CFDA No. 14.235
- Department of Health and Human Services - Passed through the Louisiana Department of Health and Hospitals – HIV Care Formula Grants - CFDA No. 93.917
- Department of Health and Human Services – Passed through the Louisiana Department of Health and Hospitals - HIV Prevention Grants - CFDA No. 93.940

Low-Risk Auditee

CARES is considered a low-risk auditee for the year ended December 31, 2018.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued
YEAR ENDED DECEMBER 31, 2018**

Major Programs - Threshold

The dollar threshold to distinguish between Type A and Type B programs is \$750,000 for the year ended December 31, 2018.

Auditors' Report - Major Programs

An unmodified opinion has been issued on CARES's compliance for its major program as of and for the year ended December 31, 2018.

Significant Deficiencies – Major Program

There were no significant deficiencies noted during the audit of the major federal programs.

Section II - Financial Statement Findings

There were no findings in the current year.

Section III - Federal Awards Findings and Questioned Costs

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018**

There were no prior year findings.

**ACADIANA CONCERN FOR AIDS RELIEF,
EDUCATION AND SUPPORT, INC.**

Lafayette, Louisiana

Independent Accountants' Report
On Applying Agreed-Upon Procedures

Year Ended December 31, 2018

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants
100 Petroleum Drive, 70508
P.O. Box 80569 • Lafayette, Louisiana 70598-0569
(337) 232-3637 • Fax (337) 235-8557
www.wmddh.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

JOHN W. WRIGHT, CPA *
JAMES H. DUPUIS, CPA, CFP *
JAN H. COWEN, CPA *
LANCE E. CRAPPELL, CPA, CGMA *
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STEPHANIE L. WEST, CPA, MBA

To the Board of Directors and Management
Acadiana Concern for AIDS Relief, Education and Support, Inc.
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Acadiana Concern for AIDS Relief, Education and Support, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Acadiana Concern for AIDS Relief, Education and Support, Inc.'s compliance with certain laws, regulations and best practices during the year ended December 31, 2018. Management of Acadiana Concern for AIDS Relief, Education and Support, Inc. is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the functions noted above.
 - 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.

This was not required to be tested in the fiscal year.

Disbursements, including processing, reviewing, and approving.

This was not required to be tested in the fiscal year.

- c) **Receipts**, including receiving, recording, and preparing deposits.

This was not required to be tested in the fiscal year.

- d) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

This was not required to be tested in the fiscal year.

- e) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The written policies and procedures were not adequate for the functions noted above.

- f) **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, and (5) monitoring card usage.

This was not required to be tested in the fiscal year.

- g) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

This was not required to be tested in the fiscal year.

- h) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

This section is not applicable to not for profit entities.

- i) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

This section is not applicable to not for profit entities.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

This was not required to be tested in the fiscal year.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit 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.

This was not required to be tested in the fiscal year.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Not applicable.

Bank Reconciliations

- 3. Obtain a listing of client 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 selected each 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, electronically logged);

Obtained listing of client bank accounts from management and management's representation that the listing is complete. No exceptions noted.

- 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

No documentation noting review of bank reconciliations.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Obtained bank statements and reconciliations for all months in the fiscal period noting no documentation of research for items that have been outstanding for more than 6 months.

Collections

- 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).

Obtained listing of cash collection location and management's representation that the listing is complete.

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 that are responsible for cash collections do not share cash drawers/registers.

The cash collection drawer is shared by employees.

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.

Written documentation was obtained and address functions noted above.

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.

Written documentation was obtained and address functions noted above.

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 verifies the reconciliation.

No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Exception noted. Employees who handle cash are not bonded or insured.

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.

No exceptions noted.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that 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).

Exception noted. It is not the Entity's policy to deposit funds the next business day or within a week, therefore, this did not occur.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 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).

This was not required to be tested in the fiscal year.

- 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.

This was not required to be tested in the fiscal year.

- b) At least two employees are involved in processing and approving payments to vendors.

This was not required to be tested in the fiscal year.

- 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.

Written policies and procedures were obtained and address the functions noted above, however, the person responsible for processing payments has the ability to add vendors to the disbursement system only after a W-9 has been obtained.

- 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.

Exception noted. Checks are returned to individual processing payments.

10. 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 that the disbursement matched the related original invoice/billing statement.

This was not required to be tested in the fiscal year.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

This was not required to be tested in the fiscal year.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Listing of active credit cards, and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

12. 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 that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Monthly statements were obtained and address the functions noted above.

b) Observe that finance charges and late fees were not assessed on the selected statements.

There were finance charges and/or late fees assessed on the sample selected.

13. Using the monthly statements or combined statements selected under #12 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 that 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).

Exceptions noted. Several receipts were missing, and several receipts did not document the business purpose.

Travel and Expense Reimbursement

14. 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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

This was not required to be tested in the fiscal year.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

This was not required to be tested in the fiscal year.

- c) Observe that 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).

This was not required to be tested in the fiscal year.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

This was not required to be tested in the fiscal year.

Contracts

15. 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 that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

This was not required to be tested in the fiscal year.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

This was not required to be tested in the fiscal year.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

This was not required to be tested in the fiscal year.

- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

This was not required to be tested in the fiscal year.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

This was not required to be tested in the fiscal year.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

This was not required to be tested in the fiscal year.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

This was not required to be tested in the fiscal year.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

This was not required to be tested in the fiscal year.

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

This was not required to be tested in the fiscal year.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

This was not required to be tested in the fiscal year.

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

This is not applicable to not for profit entities.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

This is not applicable to not for profit entities.

Debt Service (excluding nonprofits)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

This is not applicable to not for profit entities.

22. 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.

This is not applicable to not for profit entities.

Other

23. 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.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

24. Observe that 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.

Required notices were posted on the entity's premises, not on the website.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Acadiana Concern for AIDS Relief, Education and Support, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
June 27, 2019



June 27, 2019

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC
P.O. Box 80569
Lafayette, LA 70598

The following is Management's response to the 2018 AUP report submitted.

WRITTEN POLICIES AND PROCEDURES

1. e) Management will work toward writing a formal written policy.

BANK RECONCILIATIONS

3. b) Management will work towards reviewing all bank reconciliations.
3. c) Management will work towards researching and clearing reconciling items.

COLLECTIONS

5. a) The cash register/drawer is only shared during employee breaks. Cash receipts are logged and reconciled to mitigate the risk.
6. The cash collected is minimal and the entity does not feel bonding is necessary.
7. d) Management will work toward making all deposits timely.

DISBURSEMENTS

9. c) Management feels the control they have in place mitigates the risk.
9. d) Management feels the control they have in place mitigates the risk.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

12. b) Management will work toward implementing policies to avoid late fees and finance charges.
13. Management will work toward implementing policies to retain supporting documentation for all transactions.

OTHER

24. Management will work toward updating the website to include the required notices.

If any additional information is needed, please contact me.

Claude Martin
Executive Director