

**BATON ROUGE AIDS SOCIETY**  
(a Non-Profit Organization)

**Independent Auditor's Report and Financial Statements**  
**For the Year Ended December 31, 2006**

**Deemer CPA and Consulting Services, LLC**

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 9-12-07

**Baton Rouge AIDS Society  
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**Independent Auditor's Report**

**To the Board of Directors of Baton Rouge AIDS Society:**

I have audited the accompanying statement of financial position of Baton Rouge AIDS Society (a non-profit organization) (hereinafter referred to as BRASS) as of December 31, 2006, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of BRASS management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge AIDS Society and the results of operations and its cash flows for the year then ended December 31, 2006, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated July 26, 2007 on my consideration of Baton Rouge AIDS Society's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contract, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of BRASS taken as a whole. The schedule of functional expenses and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the financial statements of the organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Reemer CPA and Consulting Services, LLC*

New Orleans, Louisiana

July 26, 2007

**Baton Rouge AIDS Society  
Statement of Financial Position  
As of December 31, 2006**

<u><b>Assets</b></u>	
Cash	\$ 49,279
Grant Receivable	26,131
Outreach Inventory	3,800
<u><b>Fixed Assets</b></u>	
Property and Equipment	95,738
Accumulated Depreciation	<u>(58,920)</u>
<b>Total Fixed Assets (Net)</b>	<b>36,818</b>
<b>Total Assets</b>	<b><u>\$ 116,028</u></b>
<u><b>Liabilities and Net Assets</b></u>	
Accrued Liabilities	<u>\$ 4,960</u>
<b>Total Liabilities</b>	<b>4,960</b>
<u><b>Net Assets</b></u>	
Unrestricted	<u>111,068</u>
<b>Total Net Assets</b>	<b><u>111,068</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 116,028</u></b>

The accompanying notes are an integral part of these financial statements

**Baton Rouge AIDS Society  
Statement of Activities  
For the Year Ended December 31, 2006**

	<u>Unrestricted</u>
<b>Revenues</b>	
Grant revenue	\$ 776,927
Private Foundations & Contributions	<u>120,473</u>
<b>Total revenues</b>	<u>897,400</u>
<b>Expenses</b>	
Program Services	\$ 822,192
Support Services	<u>32,054</u>
<b>Total Expenses</b>	<u>854,246</u>
<b>Change In Net Assets</b>	\$ 43,154
<b>Net Assets At Beginning Of Year</b>	<u>67,914</u>
<b>Net Assets At End Of Year</b>	<u><u>\$ 111,068</u></u>

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

**Baton Rouge AIDS Society  
Statement of Cash Flows  
For the Year Ended December 31, 2006**

**Cash Flows From Operating Activities:**

Changes in Net Assets	\$ 43,154
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	19,401
Changes in Operating Assets and Liabilities	
Grant Receivable	(10,042)
Outreach Inventory	300
Accounts Payable	(6,393)
Payroll Liabilities	<u>(3,244)</u>
Net Cash Provided by Operating Activities	43,176

**Cash Flows From Investing Activities:**

(Purchase)/Sale of Property and Equipment	(10,781)
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**Cash Flows From Financing Activities:**

Net Cash Provided by Financing Activities	<u>0</u>
Net Cash Decrease for Period	32,395
Cash, At Beginning of Period January 1, 2006	<u>16,884</u>
Cash, At End of Period December 31, 2006	<u><u>\$ 49,279</u></u>

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

**Baton Rouge AIDS Society**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2006**

**1. Summary of Significant Accounting Principles**

**General** - Baton Rouge AIDS Society is a non-profit corporation organized under the laws of the State of Louisiana. Its mission is to provide positive community responses to people affected by HIV/AIDS and reduce the spread of HIV/AIDS through education and testing in the Baton Rouge and surrounding area. The agency's operations are funded primarily through federal and state grants.

**Basis of Accounting** – BRASS's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

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

**Property and Equipment** – Improvements which significantly extend the useful life of an asset and purchases of equipment are capitalized. The straight line method of depreciation is used for the assets owned by BRASS. The estimated useful lives of these assets range from 3 to 10 years.

**Income Taxes** – BRASS has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

**Cash** - Cash is comprised of cash on hand and in banks.



**2. Net Assets** - A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by BRASS and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2006, BRASS had unrestricted net assets, however there were no temporarily or permanently restricted net assets.

### **3. Property and Equipment**

Property and Equipment consisted of the following at December 31, 2006:

Equipment and Office Furniture	\$51,990
Computer Software and Licensing	43,748
Less: Accumulated Depreciation	<u>(58,920)</u>
<b>Total Property and Equipment</b>	<b><u>\$ 36,818</u></b>

Current year depreciation expense was recorded at \$19,401.

### **4. Grants Receivable**

As of December 31, 2006 grants receivable consists of the following:

Office of Public Health	<u>\$26,131.00</u>
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### **5. Outreach Inventory**

Inventory consists of outreach supplies which were donated to BRASS. The carrying value is estimated based on the fair market value of the items donated.

## **6. Lease Obligations**

The agency entered into a new lease in May 2006 for additional office space and certain office equipment at a cost of \$1,898 each month. Total rent expense is recorded at \$ 22,351 for the year ended December 31, 2006.

## **7. Economic Dependency**

BRASS receives its funding primarily from federal and state grants. The agency had two main funding sources in 2006, U.S. Department of Education and State of Louisiana Office of Public Health. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

## **8. In-Kind Donations**

The agency utilizes a mobile classroom unit at a public school without charge. In-kind contributions and an offsetting rent expense of \$3,392 is recorded in the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**Baton Rouge AIDS Society**  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2006**

	Program Services		Support Services	Total
	Education	Outreach		
Compensation	\$ 72,178	\$ 378,936	\$ -	\$ 451,114
Payroll Tax Expense	17,323	23,304	0	40,627
Contractual Services	0	85,101	0	85,101
Licenses and Permits	0	186	0	186
Insurance	2,093	4,098	0	6,191
Advertising	522	523	0	1,045
Equipment Rental	0	1,194	0	1,194
Rent Expense	3,392	22,351	0	25,743
Supplies	33,397	35,793	4,337	73,527
Alarm Expense	119	797	0	916
Bank Service Charge	45	345	65	455
Postage and Delivery	0	0	39	39
Printing and Reproduction	1,124	8,240	0	9,364
Repairs and Maintenance	0	370	0	370
Professional Development	333	10,754	0	11,087
Professional Fees	0	46,120	2,427	48,547
Telephone	6,909	10,364	909	18,182
Utilities	0	1,024	704	1,728
Depreciation	0	0	19,401	19,401
Dues and Subscriptions	1,576	127	109	1,811
Travel and Meetings	9,871	33,136	797	43,804
Miscellaneous	6,668	3,880	3,266	13,814
<b>Total Expenses</b>	<b><u>\$ 155,550</u></b>	<b><u>\$ 666,642</u></b>	<b><u>\$ 32,054</u></b>	<b><u>\$ 854,246</u></b>

See Independent Auditor's Report.

**Baton Rouge AIDS Society  
Schedule of Governmental Financial Assistance  
For the Year Ended December 31, 2006**

<u>Grantor</u>	<u>CFDA Number</u>	<u>Revenues</u>	<u>Expenses</u>
U.S. Department Of Health and Human Services	93.006	\$301,050	\$301,674*
U.S. Department Of Education	84.310A	\$288,248	\$294,469
HOPWA flow through HIV/AIDS Alliance for Region Two, Inc.		\$ 43,881	\$44,043
Office of Public Health		<u>\$143,748</u>	<u>\$144,646</u>
Total Governmental Financial Assistance		<u>\$776,927</u>	<u>\$784,832</u>

Note: The accompanying schedule of expenditures of governmental financial assistance is prepared on the accrual basis of accounting.

\*Major program as indicated by OMB Circular A-133

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



CPA & CONSULTING  
SERVICES, LLC

BRENDEL W. DEEMER, CPA  
bwdeemer@bellsouth.net

**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

To the Board of Directors of  
Baton Rouge AIDS Society, Inc.

I have audited the financial statements of Baton Rouge AIDS Society, Inc. (BRASS) as of and for the year ended December 31, 2006, and have issued my report thereon dated July 26, 2007. I conducted my 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.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered BRASS's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BRASS's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of BRASS's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described in the accompanying status of prior year findings and responses as finding 03-02, 03-03, and 04-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However of the significant deficiencies mentioned above, I consider items 03-02, 03-03, and 04-02 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BRASS's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule-Status of prior year findings and responses as item 03-02.

This report is intended solely for the information and use of management, BRASS Board of Directors, others within the entity, the State of Louisiana Legislative Auditor, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Greener CPA & Consulting Services, LLC*  
July 26, 2007



CPA & CONSULTING  
SERVICES, LLC

BRENDEL W. DEEMER, CPA  
bwdeemer@bellsouth.net

**Report on Compliance With Requirements Applicable to Each Major Program and  
on Internal Control Over Compliance in Accordance With OMB Circular A-133**

To the Board of Directors of  
Baton Rouge AIDS Society, Inc.

**Compliance**

I have audited the compliance of Baton Rouge AIDS Society, Inc. (BRASS) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. BRASS's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of BRASS's management. My responsibility is to express an opinion on BRASS's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 BRASS's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of BRASS's compliance with those requirements.

In my opinion, BRASS complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule-Status of prior year findings as items 03-02, 03-03, and 04-02.

**Internal Control Over Compliance**

The management of BRASS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered BRASS's internal control over compliance with the requirements that could



have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of BRASS's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule-Status of prior year findings as items 03-02, 03-03, and 04-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. All of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs are considered material weaknesses.

BRASS's response to the findings identified and cited in prior years with management failing to correct them, is described on page 17 of this report. I did not audit the agency's response and accordingly, do not express an opinion on it.

This report is intended solely for the information and use of management, BRASS's Board of Directors, others within the entity, State of Louisiana 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.

*Deemer CPA & Consulting Services, LLC*

July 26, 2007

**Baton Rouge AIDS Society, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2006**

I have audited the financial statements of Baton Rouge AIDS Society, Inc. as of and for the year ended December 31, 2006, and have issued my report thereon dated July 26, 2007. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. I have summarized my audit of the financial statements as of December 31, 2006.

**I. Summary of Auditor's Results**

- A. Control Deficiencies were disclosed by the audit of the financial statements: **Yes**  
Material Weaknesses: **Yes**
- B. Noncompliance which is material to the financial statements: **Yes**
- C. Control Deficiencies over major programs: **Yes**  
Material Weaknesses: **Yes**
- D. The type of report issued on compliance for major programs: **Unqualified Opinion**
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **No**
- F. Major program: **Department of Health and Human Services, Faith-Based AIDS Coalition for Technical Assistance and Services (F.A.C.T.S), CFDA Number 93.006**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **\$500,000**
- H. Auditee qualified as a low-risk audited under section 530 of OMB Circular A-133: **No**





# **BATON ROUGE AIDS SOCIETY**

*"Testing & Training Center"*

P.O. Box 66536, Baton Rouge, LA 70896

4550 North Blvd. Suite 101, Baton Rouge, LA 70806

Phone: 225-923-AIDS, Fax: 225-926-8042, Email: AIDS102@AOL.COM

Website: [www.batonrougeaidsociety.org](http://www.batonrougeaidsociety.org)

July 31, 2007

Office of the Legislature Auditor  
1500 North 3<sup>rd</sup> Street  
Baton Rouge, LA 70804

To Whom It May Concern:

The following is a corrective active plan for the unresolved findings noted in the December 2006 audit:

1. **03-02 Lack of Timely Audit**

The agency has completed a strategic planning meeting with its contracted accountant and created an expected timeline for the 2007 audit. All financial statements will be turned in to the auditor no later than the end of February of 2008. The auditor will have until the end of April 2008 to complete all audit information and a final report is to be submitted to all entities by the end of May 2008. This will ensure the agency's ability to meet the June 30, 2008 deadline.

2. **03-03 Lack of Segregation of Duties**

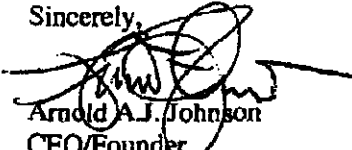
Currently, Executive Cabinet members are involved with the receipt and distribution of funds from agency accounts. However, to fully segregate duties to the best of our ability, we will implement a Finance Committee that will consist of the Executive Director, Assistant Executive Director, one Executive Cabinet member and One Board of Directors member.

3. **04-02 Credit Card Purchases**

In an effort to resolve this finding, BRASS has cancelled all credit cards that were used in the name of the agency. Currently, the agency uses direct policies and procedures for purchases and travel needs which include the following: purchase requisitions, travel authorization forms, travel reimbursement forms, state travel guidelines and other needed documentation.

Thank you for your consideration and we look forward to an enhanced report during 2007.

Sincerely,



Arnold A.J. Johnson  
CEO/Founder