

Central Louisiana AIDs Support Services**Alexandria, Louisiana****Financial Statements****December 31, 2012**

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 OCT 09 2013

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July 31, 2013

Independent Auditors' Report

To the Board of Directors of
Central Louisiana AIDs Support Services, Inc.
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Central Louisiana AIDs Support Services (CLASS) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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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 Central Louisiana AIDs Support Services as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2013 on our consideration of CLASS'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 and should be considered in assessing the results of our audit.



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Central Louisiana AIDS Support Services
Statement of Financial Position
December 31, 2012

ASSETS

Current Assets	
Cash and cash equivalents	\$ 268,686
Investments	16,179
Grants receivable	<u>57,975</u>
Total Current Assets	342,840
Plant, Property and Equipment, net of accumulated depreciation	223,415
Other Assets	
Deposits	<u>1,671</u>
Total Other Assets	<u>1,671</u>
Total Assets	<u><u>\$ 567,926</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accrued payroll expenses	\$ 4,025
Other current liabilities	300
Current portion of long-term debt	<u>8,576</u>
Total Current Liabilities	12,901
Long Term Liabilities	<u>66,763</u>
Total Liabilities	79,664
Net Assets	
Unrestricted	425,803
Temporarily restricted	<u>62,459</u>
Total Net Assets	<u>488,262</u>
Total Liabilities and Net Assets	<u><u>\$ 567,926</u></u>

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

Central Louisiana AIDs Support Services
Statement of Activities
For the Year Ended December 31, 2012

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Revenues			
Government grants	\$ -	\$ 631,949	\$ 631,949
Nongovernment grants	-	66,533	\$ 66,533
Fundraising	6,626	-	6,626
Other income	1,903	-	1,903
Total Revenues	<u>8,529</u>	<u>698,482</u>	<u>707,011</u>
 Net Assets Released From Restrictions	 <u>636,023</u>	 <u>(636,023)</u>	 <u>-</u>
 Functional Expenses			
Program services	623,164	-	623,164
Management and general	33,521	-	33,521
Fundraising	1,267	-	1,267
Total Functional Expenses	<u>657,952</u>	<u>-</u>	<u>657,952</u>
 Change in Net Assets	 (13,400)	 62,459	 49,059
 Net Assets - beginning of year	 <u>439,203</u>	 <u>-</u>	 <u>439,203</u>
 Net Assets - end of year	 <u>\$ 425,803</u>	 <u>\$ 62,459</u>	 <u>\$ 488,262</u>

The accompanying notes are
an integral part of the financial statements

Central Louisiana AIDs Support Services
Statement of Cash Flows
For the Year Ended December 31, 2012

Cash Flows from Operating Activities	
Change in Net Assets	\$ 49,059
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:	
Depreciation	16,297
(Increase) decrease in receivables	2,284
(Increase) decrease in investments	(2)
(Increase) decrease in other assets	(175)
Increase (decrease) in current liabilities	<u>(5,324)</u>
Net Cash Provided (Used) by Operating activities	62,139
Cash flows from Financing Activities	
Principal payments	<u>(19,376)</u>
Net Cash Provided (Used) by Financing Activities	<u>(19,376)</u>
Net Increase (Decrease) in Cash and Cash equivalents	42,763
Cash and Cash Equivalents - Beginning of Year	<u>225,923</u>
Cash and Cash Equivalents - End of Year	<u>\$ 268,686</u>
Cash paid for:	
Interest	\$ 1,768

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

Central Louisiana AIDs Support Services
Statement of Functional Expenses
For the Year Ended December 31, 2012

	Program Services				Total		Program Services	Management and General	Fundraising	Total Expenses
	Ryan White Part B	AIDs Prevention	Broadway Cares	HOPWA	Ryan White Part C	Ryan White Part F				
Payroll expenses	\$ 224,832	\$ 23,548	\$ -	\$ 2,647	\$ 20,768	\$ 22,305	\$ 294,100	\$ -	\$ -	\$ 294,100
Contract labor	1,650	-	-	-	-	-	1,650	-	-	1,650
Travel	53,067	2,153	-	-	1,144	4,740	61,104	649	-	61,753
Professional fees	11,015	5,507	-	1,836	-	-	18,358	-	-	18,358
Bank charges	37	-	-	-	-	-	37	-	-	37
Depreciation	16,297	-	-	-	-	-	16,297	-	-	16,297
Dues and subscriptions	600	-	-	-	-	-	600	582	-	1,182
Education and seminars	20	38	-	-	1,930	50	2,038	2,297	-	4,335
Insurance	5,896	3,931	-	-	-	-	9,827	-	-	9,827
Repairs and maintenance	1,100	-	-	-	-	-	1,100	16,704	-	17,804
Office expense	18,187	2,651	-	-	1,544	1,473	23,855	3,338	-	27,193
Program expense	-	8,404	2,772	63,829	-	69,218	144,223	-	714	144,937
Telephone	2,841	2,841	-	-	-	-	5,682	5,205	-	10,887
Utilities	4,298	3,652	-	-	176	2,867	10,993	545	-	11,538
Food	17,112	-	-	-	-	-	17,112	-	-	17,112
Advertising	-	-	-	-	-	-	-	405	-	405
Interest	-	-	-	-	-	-	-	1,768	-	1,768
Rent	-	-	-	14,578	-	-	14,578	2,028	-	16,606
Other Expense	-	-	1,610	-	-	-	1,610	-	553	2,163
	<u>\$ 356,952</u>	<u>\$ 52,725</u>	<u>\$ 4,382</u>	<u>\$ 82,890</u>	<u>\$ 25,562</u>	<u>\$ 100,653</u>	<u>\$ 623,164</u>	<u>\$ 33,521</u>	<u>\$ 1,267</u>	<u>\$ 657,952</u>

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

Central Louisiana AIDs Support Services
Notes to the Financial Statements
December 31, 2012

Note 1 – Summary of Significant Accounting Policies

Organization

Central Louisiana AIDs Support Services (CLASS) is a nonprofit organization providing support and services to people infected and affected by acquired autoimmune deficiency syndrome (AIDs) and human immunodeficiency virus (HIV) in the Central Louisiana region. CLASS also offers educational programs and informational materials to the general public, in order to prevent more people from becoming infected and to build awareness of the serious medical, legal, social and emotional problems faced by those already infected. CLASS also provides a continuance of care and supportive services for individuals and families living with HIV disease. CLASS's programs are as follows:

Education

Education continues to be the best method for slowing the spread of HIV/AIDS. This program's goal is making the community aware that prevention is vital to reducing the spread of HIV. CLASS provides a prevention intervention program through street/community outreach; HIV prevention counseling, testing, referral and partner notification; community education and condom availability. Outreach is a person to person approach involving education to prevent the spread of HIV and other STDs. These services are funded through various programs including Ryan White Part B and Ryan White Part C, HIV/AIDS Prevention, Broadway Cares, and Tobacco Free Living.

Case Management

CLASS provides case managers who serve as liaisons between clients and the network of community resources to ensure that the infected live comfortably and with dignity. Case managers work with those living with HIV and AIDS to develop a plan of care that addresses the medical, financial, emotional and social needs. Funding for these services is provided by Ryan White Part C and Part F and Housing Opportunities for Persons with AIDs.

Food Pantry

CLASS operates a food pantry which supplements the clients' needs with nonperishable food items and personal care items. This program is provided by Ryan White Part B.

Housing Support Services

Housing Support Services provides assistance to persons with significant disabilities to obtain and maintain housing in the community. The supports provided are rent and utilities assistance. Funding for this assistance is provided by Ryan White Part B

Transportation Services

CLASS provides clients with (2) \$10 gas vouchers per month or bus tickets for medical appointments. Transportation services are funded through Housing Opportunities for Persons with AIDs.

Central Louisiana AIDs Support Services
Notes to the Financial Statements
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

Dental Services

CLASS provides dental services free of charge to clients. These services are performed by local dentists, and is funded through the Ryan White Part F grant funding.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CLASS and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of CLASS and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by CLASS. Generally, the donors of these assets permit CLASS to use all or part of the income earned on any related investments for general or specific purposes.

Tax Status

CLASS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and it is not a private foundation.

In July 2006, the Financial Accounting Standards Board issued Accounting for Uncertainty in Income Taxes, which clarifies the accounting and disclosure for uncertain tax positions. This interpretation requires organizations to use a prescribed model for assessing the financial statement recognition and measurement of all tax positions taken or expected to be taken in tax returns. CLASS applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, CLASS has reviewed its tax positions and determined there were no outstanding or retrospective tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities; therefore implementation of this standard has not had a material effect on CLASS.

Central Louisiana AIDs Support Services
Notes to the Financial Statements
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are comprised primarily of reimbursements from federal agencies CLASS uses the allowance method to account for uncollectible receivables. Reimbursements are charged against the allowance when deemed to be uncollectible. The allowance is based on management's estimate of possible uncollectible reimbursements. Due to reimbursements being due primarily from federal agencies with minimal risks of nonpayment based on CLASS's past experience with these agencies, all amounts due are considered collectible and therefore no allowance is recorded.

Investments

Investments are stated at fair value in the accompanying statements of financial position. Gains and losses, both realized and unrealized and ordinary income from investments are recognized in the change in net assets in the accompanying statements of activities in the classification that reported the assets.

Equipment, Furniture and Buildings

Equipment and furniture are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives of assets range from three to seven years for equipment and furniture and thirty-nine years for buildings.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of CLASS have been summarized on a functional basis in the accompanying statements of functional expenses.

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals is to promote CLASS's fund-raising events and raise awareness of the disease and its prevention.

Central Louisiana AIDs Support Services
Notes to the Financial Statements
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of 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. CLASS's estimates include those regarding the fair value of donated materials and services.

Note 2 – Grants Receivable

Grants receivable at December 31, 2012 consists of the following programs:

State of Louisiana – Ryan White Part B	\$ 37,506
State of Louisiana – HIV/AIDS Prevention	5,870
State of Louisiana - HOPWA	4,932
State of Louisiana – Ryan White Part III	2,967
State of Louisiana – Ryan White Part V	<u>6,700</u>
 Total Grants Receivable	 <u>\$ 57,975</u>

Note 3 – Equipment and Furniture

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of December 31, 2012:

<u>Description</u>	<u>Life</u>	
Building	39 years	\$156,694
Equipment & Furniture	5 to 10 years	104,356
Land		32,094
Less: Accumulated Depreciation		<u>(69,729)</u>
 Net Fixed Assets		 <u>\$223,415</u>

Depreciation expense for the year ended December 31, 2012 was \$16,297

Note 4 – Fair Value Measurements

ASC Topic 820 requires CLASS to disclose estimated fair value for all financial instruments and non-financial instruments measured at fair value on a recurring basis. Under ASC Topic 820, fair value is defined as the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Central Louisiana AIDs Support Services
Notes to the Financial Statements
December 31, 2012

Note 4 – Fair Value Measurements (Continued)

In determining the fair value, CLASS uses Level 1 as their valuation approach. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair values of assets measured on a recurring basis at December 31, 2012 were as follows:

	Level 1	Level 2	Level 3	Fair Value Total
Money Market Funds	\$ 16,179	\$ -	\$ -	\$ 16,179

Note 5 – Notes Payable

Notes payable consist of:

\$100,000 promissory note, monthly principal and interest payment based on a 10-year amortization, with a final maturity date of June 30, 2016; bearing an interest rate of 4.750%. The note is secured by real estate (land and building) belonging to CLASS.	\$75,339
Less current portion	<u>8,576</u>
	<u>\$66,763</u>

Maturities of long-term debt are as follows:

Years Ending December 31.	Amounts
2013	8,576
2014	8,998
2015	9,441
2016	48,324

Central Louisiana AIDs Support Services
Notes to the Financial Statements
December 31, 2012

Note 6 – Concentrations

Grants received require the fulfillment of certain conditions as set forth in the grant instruments, CLASS intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. CLASS, by accepting the grants and their terms, has agreed to the conditions of the donors. Government grants represented approximately 89% of the CLASS's total support and revenue for year 2012. In addition, the balance of accounts receivable is comprised primarily of government grants.

CLASS maintains its cash accounts with high credit quality banking institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation. Amounts on deposit may, at times, exceed insured limits. CLASS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks. CLASS had \$20,403 of cash on deposit that was not insured under FDIC at December 31, 2012.

Note 7 – Restricted Net Assets

As of December 31, 2012, CLASS had no permanently restricted net assets.

Temporarily restricted net assets as of December 31, 2012 totaled \$62,459, and were restricted for the following purposes:

Purchase of mobile testing unit	\$50,000
Direct services for AIDs patients	<u>12,459</u>
Total	<u>\$62,459</u>

Temporarily Restricted income was generated through both cost reimbursements and “pay for services” type funding. The amounts reported as grant and contract income exceeded program expenses due to the fact that the “pay for services” funding is not directly related to an offsetting program expense. Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the grants.

Note 8 – Taxes

CLASS's tax return for the year ended December 31, 2010 through December 31, 2012, remains open and subject to examination by taxing authorities. The tax return for the year ended December 31, 2012 has not been filed as of the report date.

Note 9 – Subsequent Events

CLASS has no material subsequent events that would require disclosure. Subsequent events have been evaluated through July 31, 2013, which is the date the report was issued.

Central Louisiana AIDs Support Services
 Schedule of Federal Awards
 For the Year Ended December 31, 2012

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CDFA Number</u>	<u>Pass- through Identifying Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services			
Indirect Programs from Louisiana Department of			
Health and Hospitals:			
HIV Care Formula Grant: Ryan White Part B	93.917		\$ 356,952
HIV Care Formula Grant: Ryan White Part C	93.918		25,562
HIV Care Formula Grant: Ryan White Part F	93.924		100,653
HIV Prevention Activities	93.940		52,725
U. S. Department of Housing and Urban Development			
Indirect Programs for Louisiana Department of			
Health and Hospitals:			
Housing Opportunities for Persons with AIDs	14.241		<u>82,890</u>
Total Expenditures of Federal Awards			<u>\$ 618,782</u>

Central Louisiana AIDs Support Services
Notes to the Schedule of Federal Awards
For the Year Ended December 31, 2012

Note A – Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of CLASS and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of the basis financial statements.



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July 31, 2013

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Central Louisiana AIDs Support Services
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Louisiana AIDs Support Services, Inc. Central LA AIDs Support Services, Inc. (CLASS) (a nonprofit organization) which comprise that statement of financial position as of December 31, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2012.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CLASS'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 CLASS's internal control. Accordingly, we do not express an opinion on the effectiveness of the CLASS'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.

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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 CLASS'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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

CLASS's Response to Findings

CLASS's response to the finding identified in our audit is described in the accompanying management's corrective action plan. CLASS's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, State of Louisiana Legislative Auditor's Office, 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.


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July 31, 2013

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Directors of
Central Louisiana AIDs Support Services, Inc.
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Central Louisiana AIDs Support Services's (CLASS) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CLASS's major federal programs for the year ended December 31, 2012. CLASS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, CLASS 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, 2012.

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Report on Internal Control over Compliance

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

This report is intended solely for the information and use of the Board of Directors, management, State of Louisiana Legislative Auditor's Office, 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.


KnightMasden



Central Louisiana AIDs Support Services
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Central Louisiana AIDs Support Services
2. No control deficiency was disclosed during the audit of the financial statements.
3. One instance of noncompliance to the financial statements of Central Louisiana AIDs Support Services, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-13*.
5. The auditors' report on compliance for major federal award program administration by the Central Louisiana AIDs Support Services expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Section C of this schedule.
7. The programs tested as major programs include:

HIV Care Formula Grant: Ryan White Part B	93.917
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8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Central Louisiana AIDs Support Services does not qualify as a low-risk auditee.

Central Louisiana AIDs Support Services
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

B. Findings – Financial Statement Audit

Internal Control and Compliance Finding

2012-01 Late Filing with Legislative Auditor

Condition: Submission of the 2012 audit report to the legislative auditor was made past the deadline.

Criteria: Reports are due to the legislative auditor the last day of the sixth month following the close of the year.

Effect: Noncompliance with law

Cause: Auditor originally engaged to perform audit withdrew in May 2013, engaged new auditor in June of 2013, without enough time for audit to be completed.

Recommendation: Work with auditor to ensure timely filing

Response: See Management's Corrective Action Plan

C. Findings and Questioned Costs – Major Federal Award Program Audit

Department of Health and Human Services

Passed through the State of Louisiana

No Findings.

**Central Louisiana AIDs Support Services
Management's Corrective Action Plan
For the Year Ended December 31, 2012**

2012-01 Late Filing with Legislative Auditor

Recommendation: Work with auditor to ensure timely filing.

Response: We will make sure we receive the engagement letter and approval prior to year end and submit it to the legislative auditor timely.

Implementation Date: December 1, 2012

Contact: Ann Lowery, Executive Director (318) 442-1010

Central Louisiana AIDs Support Services
Summary of Prior Year Audit Findings
For the Year Ended December 31, 2012

No Prior Year Audit Findings