

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

Lafayette, Louisiana

Financial Report

Year Ended December 31, 2005

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 8-16-06

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INDEPENDENT AUDITOR'S REPORT

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

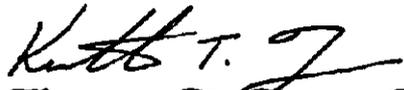
I have audited the accompanying financial statement of financial position of Acadiana Concern for AIDS Relief, Education, and Support, Inc. (CARES) (a nonprofit organization) as of December 31, 2005, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of CARES' management. Our responsibility is to express an opinion on these financial statements based on my audit.

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. Those standards require that I plan and perform the audit to obtain reasonable 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 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 respective financial position of CARES as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 9, 2006, on my consideration of CARES' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 basic financial statements of CARES taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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 basic financial statements taken as a whole.


Kenneth J. Toups, CPA
A Limited Liability Company

Lafayette, Louisiana
June 9, 2006

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

Statement of Financial Position
December 31, 2005

ASSETS

CURRENT ASSETS	
Cash	\$ 27,380
Contracts receivable - State of Louisiana	173,397
Other receivables	<u>3,937</u>
Total current assets	<u>204,714</u>
EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net	<u>44,340</u>
OTHER ASSETS	
Deposits	<u>2,549</u>
TOTAL ASSETS	<u>251,603</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	296,241
Payroll taxes payable	3,276
Note payable	798
Current portion of capital lease obligations	<u>7,448</u>
Total current liabilities	<u>307,763</u>
LONG-TERM LIABILITIES	
Capital lease obligations, less current portion	10,598
NET ASSETS	
Unrestricted	<u>(66,758)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 251,603</u>

The accompanying notes are an integral part of this statement.

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

Statement of Activities
Year Ended December 31, 2005

UNRESTRICTED NET ASSETS

Revenue:	
United Way grant	\$ 39,338
Contributions	64,711
Government agency contracts	2,979,229
Interest	<u>1,168</u>
Total unrestricted support and revenue	<u>3,084,446</u>
Expenses:	
Program services	2,892,418
Management and general	<u>106,287</u>
	<u>2,998,705</u>
Increase in unrestricted net assets	<u>85,741</u>
Increase in net assets	85,741
NET ASSETS, beginning	<u>(152,499)</u>
NET ASSETS, ending	<u>\$ (66,758)</u>

The accompanying notes are an integral part of this statement.

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

Statement of Functional Expenses
Year Ended December 31, 2005

	<u>AIDS Education & Relief</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 1,749,480	\$ 70,452	\$1,819,932
Payroll taxes	132,171	5,269	137,440
Pension expenses	52,967	2,347	55,314
Insurance	137,387	3,391	140,778
Rent	51,636	1,206	52,842
Office expenses	45,641	8,740	54,381
Utilities/phone	41,035	1,022	42,057
Education and outreach	22,761	-	22,761
Direct assistance	447,577	-	447,577
Travel and seminars	47,322	991	48,313
Professional	34,922	3,781	38,703
Depreciation and amortization	8,516	1,663	10,179
Volunteer expenses	1,672	-	1,672
Supplies/material	98,641	-	98,641
Interest	16,012	3,127	19,139
Penalties and interest - payroll taxes	-	3,383	3,383
Other	<u>4,678</u>	<u>915</u>	<u>5,593</u>
TOTAL EXPENSES	<u>\$ 2,892,418</u>	<u>\$ 106,287</u>	<u>\$2,998,705</u>

The accompanying notes are an integral part of this statement.

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

Statement of Cash Flows
Year Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 85,741
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	10,179
(Increase) decrease in operating assets:	
Contracts receivable	312,605
Other receivables	(3,937)
Drug inventory	6,219
Unconditional promises to give	10,944
Prepaid expenses	4,194
Deposits	2,964
Increase (decrease) in operating liabilities:	
Unearned contract revenue	(13,292)
Accounts payable and accrued expenses	(178,314)
Payroll taxes payable	(135,304)
Net cash provided by operating activities	<u>101,999</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	<u>(5,670)</u>
Net cash used by investing activities	<u>(5,670)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds (repayment) of short-term borrowings	(122,402)
Repayment of capital lease obligations	<u>(7,140)</u>
Net cash used by financing activities	<u>(129,542)</u>
Net decrease in cash and cash equivalents	(33,213)
CASH AND CASH EQUIVALENTS, beginning of year	<u>60,593</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 27,380</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 19,139</u>

The accompanying notes are an integral part of this statement.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 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, assistance and companionship.

Basis of Presentation

Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in the Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations, and SFAS 117.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," CARES is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

In accordance with SFAS No. 116 "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Promises to Give

Contributions are recognized as revenue when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets. As of December 31, 2005, there were no unconditional promises to give.

Bad Debts

CARES accounts for bad debts using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The effects of using this method approximates those of the allowance method.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Government agency contracts. Related contract receivables are referred to as Contracts receivable – State of Louisiana and Contracts receivable – other in the statement of financial position.

Donated Services

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

Equipment and Leasehold Improvements

Equipment and Leasehold Improvements are recorded at cost or at fair value at date of gift if donated. If donor stipulates how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Equipment is mainly comprised of office furniture and equipment. Depreciation and amortization is provided over the estimated useful lives on the straight-line method. Estimated useful lives range from five to ten years. Depreciation and amortization expense in the current year applies to assets carried at historical cost; donated assets are fully depreciated. Equipment with a an original cost of \$1,000 or more is capitalized as are leasehold improvements costing \$3,000 or more.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 not to be a private foundation within the meaning of Section 509(a) of the code.

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.

NOTE 2 EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consist of the following:

Equipment	\$ 56,045
Leasehold improvements	132,106
Equipment held under capital leases	<u>40,948</u>
	229,099
Less: Accumulated depreciation and amortization	<u>184,759</u>
	<u>\$ 44,340</u>

NOTE 3 NOTE PAYABLE

Note payable consists of the following at December 31, 2005:

Line of credit in the amount of \$200,000 with Iberia Bank, bearing interest at Prime plus 1.50%, due on demand, and secured by a pledge of substantially all of the organization's assets.	<u>\$ 798</u>
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NOTE 4 CAPITAL LEASES

CARES has entered into capital leases for certain equipment. Obligations under these capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates between 16.3% and 18.4%.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL LEASES (Continued)

Amortization of these capital leases included in depreciation expense amounted to \$5,038 for the year ended December 31, 2005.

Future minimum lease payments under these capital leases are as follows:

2006		\$ 10,444
2007		6,602
2008		<u>5,500</u>
Total minimum lease payments		22,546
Less: amount representing interest		<u>4,500</u>
Present value of future minimum lease payments		18,046
Less: current maturities:		<u>7,448</u>
		<u>\$ 10,598</u>

NOTE 5 OPERATING LEASES

CARES entered into a noncancelable operating lease for its office building as well as housing located upstairs. The original lease expired in October 2005 and a new lease agreement was entered into as of January 1, 2006 and expires on March 31, 2008. CARES also leases some additional office space in a separate building related to its HIV/AIDS Prevention Program on a month to month basis. Rent expense associated with these operating leases during 2005 totaled \$44,169.

Future minimum lease payments required under the noncancelable operating lease is as follows:

2006		\$ 63,000
2007		63,000
2008		<u>15,750</u>
		<u>\$ 141,750</u>

NOTE 6 CONCENTRATION OF CREDIT RISK

The majority of the 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.

CARES places its cash with high quality financial institutions. At times amounts may be in excess of FDIC insurance limits.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7 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 2005 was \$55,315.

NOTE 8 PENALTIES AND INTEREST

Included in accrued expenses on the statement of financial position are penalties and interest relative to delinquent 941 tax payments related to fiscal year ends 2003 and 2004 in the amount of \$107,369. Management is presently negotiating with the IRS for the waiver of a portion of those penalties.

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

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

Schedule Of Expenditures Of Federal Awards
Year Ended December 31, 2005

Awarding Agency and Program Title	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES	AMOUNTS TO SUBRECIPIENTS
<u>Department of Housing and Urban Development</u>			
Supportive Housing Program - Project Home Again I	14.235	\$ 116,514	\$ -
Supportive Housing Program - Project Home Again II	14.235	<u>160,589</u>	<u>-</u>
		277,103	-
Passed through the Louisiana Department of Health and Hospitals:			
Emergency Shelter Grants Program (A) (Lafayette Consolidated Government)	14.231	21,446	-
HOPWA	14.241	<u>66,463</u>	<u>-</u>
Totals for U.S. Department of Housing and Urban Development		<u>365,012</u>	<u>-</u>
<u>Department of Health and Human Services</u>			
Passed through the Louisiana Department of Health and Hospitals:			
HIV Care Formula Grants:			
HIV/AIDS Surveillance Program	93.917	42,086	-
Ryan White Program	93.917	450,546	-
HOPWA Program	93.917	<u>110,949</u>	<u>-</u>
		603,581	-
HIV/AIDS Prevention Program	93.940	665,674	-
HIV Prevention Services	93.940	<u>83,753</u>	<u>-</u>
		749,427	-
HIV/AIDS Surveillance Program	93.944	914,558	-
Investigation and Technical Assistance (B)	93.283	32,615	-
Outpatient Early Intervention with Respect to HIV Disease (B)	93.918	<u>47,801</u>	<u>-</u>
Totals for U.S. Department of Health and Human Hospitals		<u>2,347,982</u>	<u>-</u>
Total federal grants		<u>\$ 2,712,994</u>	<u>\$ -</u>

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of CARES and is presented on the same basis of accounting as described in Note 1 to the financial statements. 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*.

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

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

I have audited the financial statements Acadiana Concern for AIDS Relief, Education, and Support, Inc. (CARES) (a nonprofit organization), as of and for the year ended December 31, 2005, and have issued my report thereon dated June 9, 2006. 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

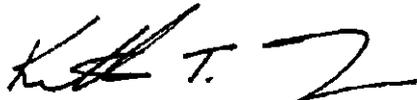
In planning and performing my audit, I considered CARES' internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in my judgment, could adversely affect CARES' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe the reportable condition described above as item 05-1 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CARES' 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.


Kenneth J. Soups, CPA
A Limited Liability Company

Lafayette, Louisiana
June 9, 2006

Kenneth T. Toups, CPA

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Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

I have audited the compliance of Acadiana Concern for AIDS Relief, Education, and Support, Inc. (CARES) (a nonprofit organization) 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 its major federal programs for the year ended December 31, 2005. CARES' major federal programs are 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 its major federal programs is the responsibility of CARES' management. My responsibility is to express an opinion CARES' 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 CARES' compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination CARES' compliance with those requirements.

In my opinion, CARES complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2005. However, the results of my auditing procedures disclosed one instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133, and which is described in the accompanying schedule of findings and questioned costs as item 05-2.

Internal Control Over Compliance

The management of CARES' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered CARES' internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment could adversely affect CARES' ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable conditions are described in the schedule of findings and questioned costs as items 05-1 and 05-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider the reportable conditions described above in the accompanying schedule of findings and questioned costs as items 05-1 and 05-3 to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.


Kenneth J. Toups, CPA

A Limited Liability Company

Lafayette, Louisiana
June 9, 2006

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

Schedule of Findings and Questioned Costs
Year Ended December 31, 2005

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on CARES' financial statements as of and for the year ended December 31, 2005.

Reportable Conditions - Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 05-1 in Part II, and this reportable condition is also considered to be a material weakness.

Material Noncompliance - Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

Major Programs Identification

CARES' at December 31, 2005, had three major programs: HIV/AIDS Surveillance, which received funds from the Department of Health and Human Services "passed-through" the Louisiana Department of Health and Hospitals, HIV Prevention Activities, which received funds from the Department of Health and Human Services "passed-through" the Louisiana Department of Health and Hospitals, and the Ryan White HIV Formula Grants which received funds from the Department of Health and Human Services "passed-through" the Louisiana Department of Health and Hospitals.

Low-Risk Auditee

CARES is not considered a low-risk auditee for the year ended December 31, 2005.

Major Programs - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2005.

Auditor's Report - Major Programs

An unqualified opinion has been issued on CARES' compliance for its major programs as of and for the year ended December 31, 2005.

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

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2005

Reportable Conditions - Major Programs

There were two reportable conditions shown in Part III as items 05-1 and 05-3 noted during the audit of the major federal programs. These reportable conditions are considered to be material weaknesses.

Compliance Finding Related to Major Programs

The audit disclosed one noncompliance or questioned costs shown in Part III as item 05-2 relative to its federal program.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

05-1 Individual Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, CARES did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.

Part III Findings and Questioned Costs Relating to the Federal Programs

05-1 See description of finding in Part II.

05-2 Missing Quarterly Report

Finding:

The fourth quarter 2005 Quarterly Service Report was not submitted to the Office of Public Health HIV/AIDS Program as required by the Ryan White Formula Grants contract.

Recommendation:

CARES should submit all quarterly reports as required by the contract.

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

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2005

05-3 Finding Related to Units of Service

Finding:

There were two instances noted while performing testing on the Ryan White Formula Grants programs where the units reported on the monthly Detail Invoice Report associated with case managers' time did correspond with what was on the CAREWare Worksheets. There was also one instance noted where a case manager's CAREWare Worksheet could not be located when performing testing on the units of service reported on the Detail Invoice Report for this particular case manager.

Recommendation:

CARES' case managers should be very mindful when recording time on the CAREWare worksheets and subsequently entering them into the CAREWare system in order to insure that all units of service entered correspond to what is recorded on the CAREWare worksheets. Also, procedures should be implemented to insure that all case managers CAREWare worksheets are turned in and accounted for each month.

Part IV Management Letter

A management letter was issued by the auditor for the fiscal year ended December 31, 2005.

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

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2005

- 04-1 Finding: Inadequate Segregation of Accounting Functions
Status: This finding is unresolved. See current year finding 05-1.
- 04-2 Finding: Reconciliation of Receivable and Payable Subsidiaries
Status: This finding is resolved. During the 2005 audit it was noted that CARES' accounts receivable and accounts payable subsidiaries were reconciled to their general ledger control accounts.

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

Management's Corrective Action Plan
Year Ended December 31, 2005

Response to Finding 05-1:

No response is considered necessary.

Response to Finding 05-2:

Management has taken action to insure that all Quarterly Service Reports are submitted to the Office of Public Health HIV/AIDS Program as required by the Ryan White Formula Grants contract.

Response to Finding 05-3:

Procedures have been implemented to better insure that all case managers correctly and accurately record their time on the monthly CAREWare worksheets and that what is entered into the CAREWare system corresponds to what has been recorded on the CAREWare worksheets. Procedures have also been implemented to better insure that all case managers turn in their monthly CAREWare worksheets and all are accounted for and filed for record keeping on a monthly basis.

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MANAGEMENT LETTER

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

I have completed my audit of the financial statements of Acadiana Concern For AIDS Relief, Education, and Support, Inc. (CARES), as of and for the year ended December 31, 2005, and submit the following suggestions for your information and consideration in improving the efficiency and effectiveness of the operations of CARES.

1. While performing the audit of the financial statements it was noted that the following suggestions should be implemented in regards to the cash accounts and their relative bank reconciliations. First, the date of the check should be included on the list of the outstanding checks listed on the bank reconciliation. This will enable one to know how long the checks have been outstanding so as to know whether an outstanding check needs to be voided or written off. Also, while performing auditing procedures related to the cash accounts, there were several checks that needed to be voided or written off. Outstanding checks need to be analyzed on a monthly basis for checks that have not cleared in a timely manner. Any checks noted as not clearing in a timely manner need to be investigated as to why and voided or written off as deemed necessary. Lastly, if CARES writes checks but holds them at the end of the year, CARES should keep a listing of those checks so a journal entry can be made to reclassify these checks to accounts payable at year end.
2. CARES should maintain a list of ex-employees that owe CARES reimbursements for COBRA insurance payments made by CARES on their behalf and the dollar amount and should be reconciled to the COBRA Insurance Receivable general ledger account on a regular basis. Any differences noted should be investigated and reconciled.
3. A complete listing that makes up accounts payable at the end of each month including the invoice and check numbers (if available) and vendor should be maintained and reconciled to the Accounts Payable general ledger account at the end of each month.

4. Employee withholdings for insurance should be updated immediately in the payroll system for changes and should be monitored on a regularly basis to insure accuracy. Also, the insurance withholding general ledger accounts should also be monitored on a monthly basis to insure that they are zeroing out and all withholding payments are being properly recorded.
5. While performing auditing procedures on the various expense accounts an instance was noted where a check written to American Express for \$5,000 was miscoded to the repairs and maintenance account. More care should be taken when coding checks to insure they are properly coded and recorded to the correct general ledger accounts.

I would like to express my appreciation to you and your office staff for the courtesies and assistance rendered to us during the performance of my examination. Should you have any questions or need assistance, please feel free to contact me.

Kenneth T. Toups, CPA

A Limited Liability Company

Lafayette, Louisiana
June 9, 2006