

# Central Louisiana Aids Support Services, Inc. December 31, 2010

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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 9/7/11

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# K & NIGHT COMPANY CPAs, LLC

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Central LA AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLASS as of December 31, 2010, 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, we have also issued our report dated June 30, 2011 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of CLASS taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Knight & Company CPAs, LLC*  
Alexandria, Louisiana  
June 30, 2011

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Kevin Knight, CPA

Michael B. Carbo, CPA, CFF, CVA

Blaine Hebert, CPA

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**FINANCIAL STATEMENTS**

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**Central Louisiana Aids Support Services, Inc.**  
**Alexandria, Louisiana**  
**Statement of Financial Position**  
**December 31, 2010**

**Assets**

|                                      |                   |
|--------------------------------------|-------------------|
| <b>Current assets:</b>               |                   |
| Cash                                 | \$ 361,429        |
| Investments                          | 16,175            |
| Accounts receivable                  | 66,950            |
| <b>Total current assets</b>          | <b>444,554</b>    |
| <br>                                 |                   |
| Deposits and other advances          | 1,496             |
| Land, buildings, and equipment - net | 12,082            |
| <br>                                 |                   |
| <b>Total Assets</b>                  | <b>\$ 458,132</b> |

**Liabilities and Net Assets**

|   |                   |
|---|-------------------|
| <b>Current liabilities:</b>             |                   |
| Accounts payable                        | \$ 300            |
| Accrued expenses                        | 755               |
| Deferred revenue                        | 3,681             |
| <b>Total Liabilities</b>                | <b>4,736</b>      |
| <br>                                    |                   |
| <b>Net assets</b>                       |                   |
| Unrestricted                            | 453,396           |
| Temporarily restricted                  | -                 |
| Permanently restricted                  | -                 |
| <b>Total Net Assets</b>                 | <b>453,396</b>    |
| <br>                                    |                   |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 458,132</b> |

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

**Central Louisiana Aids Support Services, Inc.**  
**Alexandria, Louisiana**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| <b>Support and Revenues</b>                       |                     |                                   |                                   |                   |
| <b>Support:</b>                                   |                     |                                   |                                   |                   |
| Grants and contracts                              | \$ -                | \$ 731,180                        | \$ -                              | \$ 731,180        |
| Donations and fundraisers                         | 11,620              | -                                 | -                                 | 11,620            |
| <b>Revenues:</b>                                  |                     |                                   |                                   |                   |
| Dividend income                                   | 2                   | -                                 | -                                 | 2                 |
| Interest income                                   | 682                 | -                                 | -                                 | 682               |
|   | <u>12,304</u>       | <u>731,180</u>                    | <u>-</u>                          | <u>743,484</u>    |
| <b>Total support and revenues</b>                 | <b>12,304</b>       | <b>731,180</b>                    | <b>-</b>                          | <b>743,484</b>    |
| <b>Net assets released from restrictions</b>      | <u>731,180</u>      | <u>(731,180)</u>                  | <u>-</u>                          | <u>-</u>          |
| <b>Total support, revenues, and other support</b> | <b>743,484</b>      | <b>-</b>                          | <b>-</b>                          | <b>743,484</b>    |
| <b>Expenses</b>                                   |                     |                                   |                                   |                   |
| Program services                                  | 622,737             | -                                 | -                                 | 622,737           |
| Support services                                  | 20,081              | -                                 | -                                 | 20,081            |
| <b>Total expenses</b>                             | <u>642,818</u>      | <u>-</u>                          | <u>-</u>                          | <u>642,818</u>    |
| <b>Change in net assets</b>                       | <b>100,666</b>      | <b>-</b>                          | <b>-</b>                          | <b>100,666</b>    |
| <b>Net assets</b>                                 |                     |                                   |                                   |                   |
| <b>Beginning of the year</b>                      | <u>352,730</u>      | <u>-</u>                          | <u>-</u>                          | <u>352,730</u>    |
| <b>End of the year</b>                            | <u>\$ 453,396</u>   | <u>\$ -</u>                       | <u>\$ -</u>                       | <u>\$ 453,396</u> |

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

**Central Louisiana Aids Support Services, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2010**

|  | Program Services  |                     |                    |                  |                   |                   | Supporting Services |                        |                   |
|--|-------------------|---------------------|--------------------|------------------|-------------------|-------------------|---------------------|------------------------|-------------------|
|  | From White - FUND | HOPE/ALDS Extension | Board of Directors | HOPE/ALDS        | From White - FUND | From White - FUND | From White - FUND   | General Administration | Total             |
| Salaries - executive director  | \$ 45,916         | \$ 7,780            | -                  | -                | -                 | -                 | -                   | -                      | \$ 53,696         |
| Salaries - care coordinator  | 32,504            | -                   | -                  | -                | -                 | -                 | -                   | -                      | 32,504            |
| Salaries - secretary/bookkeeper  | 17,994            | 11,202              | -                  | -                | -                 | -                 | -                   | -                      | 29,196            |
| Salaries - case manager  | 55,729            | -                   | -                  | 26,235           | 18,375            | -                 | -                   | -                      | 100,339           |
| Salaries - out reach   | -                 | 25,088              | -                  | -                | -                 | -                 | -                   | -                      | 25,088            |
| Salaries - case finder   | -                 | -                   | -                  | 16,019           | -                 | -                 | -                   | -                      | 16,019            |
| Fringe benefits  | 30,700            | 14,597              | -                  | 8,493            | 2,727             | -                 | -                   | -                      | 57,517            |
| <b>Total salaries and related expenses</b>                             | <b>182,843</b>    | <b>58,985</b>       | -                  | <b>53,747</b>    | <b>21,102</b>     | -                 | -                   | -                      | <b>316,357</b>    |
| Staff development  | -                 | -                   | -                  | -                | -                 | -                 | 839                 | -                      | 839               |
| Board development  | -                 | -                   | -                  | -                | -                 | -                 | 48                  | -                      | 48                |
| Intra-regional mileage   | 6,988             | 2,619               | -                  | -                | -                 | -                 | -                   | -                      | 9,607             |
| Membership   | 6,010             | 2,290               | -                  | -                | 1,002             | -                 | -                   | -                      | 9,302             |
| Account service  | 3,716             | 600                 | -                  | -                | -                 | -                 | 924                 | -                      | 4,640             |
| Advertising  | 45                | -                   | -                  | -                | -                 | -                 | -                   | -                      | 45                |
| Audit Charges  | -                 | -                   | -                  | -                | -                 | -                 | 72                  | -                      | 72                |
| Building Improvements  | 25                | -                   | -                  | -                | -                 | -                 | 3,387               | -                      | 3,412             |
| Cell phone   | 1,676             | -                   | -                  | -                | 178               | -                 | 1,053               | -                      | 2,907             |
| Education  | 1,404             | -                   | -                  | -                | -                 | -                 | -                   | -                      | 1,404             |
| Equipment  | 1,524             | 2,783               | -                  | -                | -                 | -                 | -                   | -                      | 4,307             |
| Insurance  | 119               | -                   | -                  | -                | -                 | -                 | -                   | -                      | 119               |
| Janitorial   | 412               | -                   | -                  | -                | -                 | -                 | -                   | -                      | 412               |
| Kentwood water   | 139               | -                   | -                  | -                | -                 | -                 | -                   | -                      | 139               |
| Levyprest control  | 8,807             | 4,488               | -                  | -                | 814               | -                 | -                   | -                      | 14,109            |
| Private fund distribution  | 1,188             | 453                 | -                  | -                | -                 | -                 | -                   | -                      | 1,641             |
| Office supplies  | 11,413            | 11,004              | -                  | -                | 408               | -                 | -                   | -                      | 22,825            |
| Postage  | 2,419             | 2,394               | -                  | -                | -                 | -                 | -                   | -                      | 4,813             |
| Rent   | 3,259             | 2,908               | -                  | -                | -                 | -                 | -                   | -                      | 6,167             |
| Security   | 3,551             | -                   | -                  | -                | -                 | -                 | -                   | -                      | 3,551             |
| Telephone  | 1,411             | -                   | -                  | -                | -                 | -                 | -                   | -                      | 1,411             |
| Utilities  | 2,278             | 2,908               | -                  | -                | 2,278             | -                 | -                   | -                      | 7,464             |
| Travel   | 2,878             | -                   | -                  | -                | 1,648             | -                 | -                   | -                      | 4,526             |
| Concierge Support  | -                 | -                   | -                  | -                | -                 | -                 | 124                 | -                      | 124               |
| Dental   | 13,741            | -                   | -                  | -                | 78,487            | -                 | -                   | -                      | 92,228            |
| Food   | 10,990            | -                   | 220                | -                | -                 | -                 | 57                  | -                      | 11,267            |
| Medication   | 29,577            | -                   | -                  | -                | -                 | -                 | -                   | -                      | 29,577            |
| Transportation   | -                 | -                   | -                  | -                | -                 | -                 | -                   | -                      | -                 |
| Psychological consults   | -                 | -                   | -                  | 13,074           | -                 | -                 | -                   | -                      | 13,074            |
| Other direct assistance  | -                 | -                   | -                  | -                | -                 | -                 | -                   | -                      | -                 |
| Rent   | -                 | -                   | -                  | -                | -                 | -                 | -                   | -                      | -                 |
| Utilities  | -                 | -                   | -                  | 7,871            | -                 | -                 | -                   | -                      | 7,871             |
| Private fund distribution  | -                 | -                   | -                  | 13,188           | -                 | -                 | -                   | -                      | 13,188            |
| Outreach supplies  | -                 | -                   | -                  | -                | -                 | -                 | -                   | -                      | -                 |
| License expense  | 600               | 8,233               | -                  | -                | -                 | -                 | -                   | -                      | 8,833             |
| Miscellaneous  | 28                | -                   | -                  | -                | -                 | -                 | -                   | -                      | 28                |
| Meals and entertainment  | -                 | -                   | -                  | -                | 453               | -                 | -                   | -                      | 453               |
| <b>Total Expenses before depreciation, amortization &amp; interest</b> | <b>291,565</b>    | <b>86,433</b>       | <b>5,711</b>       | <b>34,143</b>    | <b>74,911</b>     | <b>111,549</b>    | <b>16,108</b>       | <b>3,975</b>           | <b>622,737</b>    |
| <b>Depreciation Expense</b>  | <b>4,454</b>      | -                   | -                  | -                | -                 | -                 | -                   | -                      | <b>4,454</b>      |
| <b>Total Expenses</b>  | <b>\$ 286,019</b> | <b>\$ 86,433</b>    | <b>\$ 5,711</b>    | <b>\$ 34,143</b> | <b>\$ 74,911</b>  | <b>\$ 111,549</b> | <b>\$ 16,108</b>    | <b>\$ 3,975</b>        | <b>\$ 642,619</b> |

**Central Louisiana Aids Support Services, Inc.**  
**Alexandria, Louisiana**  
**Statement of Cash Flows**  
**Year Ended December 31, 2010**

**Cash Flows from Operating Activities**

|   |            |
|---|------------|
| Change in net assets  | \$ 100,666 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |            |
| Depreciation  | 4,454      |
| Changes in operating assets and liabilities:  |            |
| Accounts receivable   | 30,671     |
| Accounts payable  | (1,896)    |
| Accrued expenses  | (696)      |
| Deferred revenue  | 1,788      |
| Net Cash Provided by Operating Activities   | 134,987    |

**Cash Flows from Investing Activities**

|                                       |     |
|---------------------------------------|-----|
| Purchase of investments               | (2) |
| Net Cash Used in Investing Activities | (2) |

**Cash Flows from Financing Activities**

|                                       |         |
|---------------------------------------|---------|
| Purchase of equipment                 | (5,682) |
| Net Cash Used in Investing Activities | (5,682) |

**Increase in Cash and Cash Equivalents** 129,303

**Cash and Cash Equivalents, Beginning of Year** 232,126

**Cash and Cash Equivalents, End of Year** \$ 361,429

**Additional Required Disclosures**

1. CLASS considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. There were no income taxes paid during the year.
3. There was no interest paid during the year.
4. There were no material noncash investing or financing transactions that affected recognized assets or liabilities during the year.

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



## **Central Louisiana Aids Supports Services, Inc.**

### **Notes to Financial Statements**

#### **1. Summary of Significant Accounting Policies**

##### **Organization**

Central LA AIDS Support Services, Inc. (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 Supports Services, Inc.**

**Notes to Financial Statements**

**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 are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

CLASS reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**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.

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

**Central Louisiana Aids Supports Services, Inc.**

**Notes to Financial Statements**

**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 reflected in these accompanying financials at December 31, 2010.

**Investments**

Investments consist of a money market at December 31, 2010. 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 and Furniture**

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.

**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.

**Central Louisiana Aids Supports Services, Inc.**

**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies (continued)**

**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. Total advertising costs for 2010 totaled \$1,524.

**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.

**2. Grants Receivable**

Grants receivable at December 31, 2010 consists of the following programs:

|  |    |               |
|--|----|---------------|
| State of Louisiana – Ryan White Part B   | \$ | 30,115        |
| State of Louisiana – HIV/AIDS Prevention |    | 9,226         |
| State of Louisiana - HOPWA               |    | 4,973         |
| State of Louisiana – Ryan White Part C   |    | <u>22,636</u> |
| Grants Receivable                        | \$ | <u>66,950</u> |

**3. Equipment and Furniture**

Equipment and furniture are summarized as follows:

|                                | January 1,<br>2009 | Additions       | Dispositions  | December 31,<br>2010 |
|--------------------------------|--------------------|-----------------|---------------|----------------------|
| <b>Capital Assets</b>          |                    |                 |               |                      |
| Equipment & furniture          | \$ 84,306          | \$ 5,682        | \$ 34,383     | \$ 55,605            |
| Total Other Capital Assets     | 84,306             | 5,682           | 34,383        | 55,605               |
| <b>Less</b>                    |                    |                 |               |                      |
| Accumulated depreciation       |                    |                 |               |                      |
| Equipment and furniture        | 73,452             | 4,454           | 34,383        | 43,522               |
| Total Accumulated Depreciation | <u>73,452</u>      | <u>4,454</u>    | <u>34,383</u> | <u>43,522</u>        |
| Capital Assets, Net            | <u>\$ 10,855</u>   | <u>\$ 1,227</u> | <u>\$ -</u>   | <u>\$ 12,082</u>     |

Depreciation expense for year 2010 totaled \$4,454.

**Central Louisiana Aids Supports Services, Inc.**

**Notes to Financial Statements**

**4. Fair Value Measurements**

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

**Level 1**—Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments, cash equivalents, and listed derivatives.

**Level 2**—Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies. Assets in this level include debt securities and partnerships that hold Level 1 assets, provided that the Organization has the ability to redeem the investment in the near term, and real estate held for investment if measured by a current appraisal.

**Level 3**—Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include alternative investments, real estate held for investment if measured using management estimates, investments in partnerships and limited liability companies, and beneficial interests in charitable remainder trusts.

Realized and unrealized gains and losses from these assets are reported in the Statement of Activities as they occur. There have been no changes in valuation techniques and related inputs.

Fair values of assets measured on a recurring basis at December 31, 2010 were as follows:

|                    | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Fair<br/>Value Total</u> |
|--------------------|----------------|----------------|----------------|-----------------------------|
| Investments        |                |                |                |                             |
| Money Market Funds | \$ 16,175      | \$ -           | \$ -           | \$ 16,175                   |

**5. Commitments and Contingencies**

**Operating Leases**

CLASS leases its administrative headquarters which also serves as an operational facility under a non-cancelable operating lease at a monthly rent of \$2,075 until the lease expiration on May 31, 2011.

CLASS also leases its copy machine used for its operations under a non-cancelable operating lease at a monthly rent of \$116.50 until the lease expiration in February 2012.

Rental expenses relating to these leases were approximately \$26,298 for the year ended December 31, 2010.

**Central Louisiana Aids Supports Services, Inc.**

**Notes to Financial Statements**

**6. Commitments and Contingencies (continued)**

Minimum future lease payments are as follows:

|       |                 |
|-------|-----------------|
| 2011  | \$11,773        |
| 2012  | <u>233</u>      |
| Total | <u>\$12,006</u> |

**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 98% of the CLASS's total support and revenue for year 2010. In addition, the balance of accounts receivable is comprised primarily of government grants.

**Cash**

CLASS maintains its cash accounts with high credit quality banking institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation 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. Amounts on deposit in excess of insured limits were approximately \$101,132 at December 31, 2010.

**7. Net Assets Released from Restrictions**

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. There were no temporarily or permanently restricted net assets at December 31, 2010.

**8. Subsequent Events**

The lease on the administrative headquarters and operations center has been extended an additional two months through July 31, 2011 at the current monthly rental amount.

CLASS has also entered into an agreement to purchase a building located in Alexandria, Louisiana in the amount of \$187,000. The building will serve as the new location for administrative and operations headquarters. Moving expenses related to the purchase of the new building are unknown at the present time.

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**ACCOMPANYING SCHEDULE**

**Central Louisiana Aids Support Services, Inc.  
Schedule of Expenditures of Federal Awards By Grant  
For the Year Ended December 31, 2010**

| <i><b>Federal Grantor/Pass-Through Grantor/Program<br/>or Cluster Title</b></i>   | <i><b>Federal CFDA<br/>Number</b></i> | <i><b>Pass-Through<br/>Entity Identifying<br/>Number</b></i> | <i><b>Federal<br/>Expenditures<br/>(\$)</b></i> |
|---|---------------------------------------|--|---|
| <b><i>Other Programs</i></b>  |                                       |  |   |
| <i>Department of Health and Human Services Pass-Through Programs From</i>   |                                       |  |   |
| State of Louisiana Dept of Health and Hospitals Office of Public Health-HIV Care Formula Grants                           | 93.917                                |  | 482,479   |
| State of Louisiana Dept of Health and Hospitals Office of Public Health-HIV Care Formula Grant                            |                                       |  | 296,019   |
| State of Louisiana Dept of Health and Hospitals Office of Public Health-Ryan White Part C EIS                             |                                       |  | 74,911  |
| State of Louisiana Dept of Health and Hospitals Office of Public Health-Ryan White Part F                                 |                                       |  | 111,549   |
| <i>Total HIV Care Formula Grants</i>  |                                       |  | <hr/> 482,479                                   |
| State of Louisiana Dept of Health and Hospitals Office of Public Health-HIV Prevention Activities_Health Department Based | 93.940                                |  | 96,433  |
| <i>Total HIV Prevention Activities_Health Department Based</i>  |                                       |  | <hr/> 96,433                                    |
| <i>Total Department of Health and Human Services Pass-Through Programs</i>  |                                       |  | <hr/> 578,912                                   |
| <i>Total Department of Health and Human Services</i>  |                                       |  | <hr/> 578,912                                   |
| <i>Department of Housing and Urban Development Pass-Through Programs From</i>   |                                       |  |   |
| State of Louisiana Dept of Health and Hospitals Office of Public Health-Housing Opportunities for Persons with AIDS       | 14.241                                |  | 34,143  |
| <i>Total Housing Opportunities for Persons with AIDS</i>  |                                       |  | <hr/> 34,143                                    |
| <i>Total Department of Housing and Urban Development Pass-Through Programs</i>  |                                       |  | <hr/> 34,143                                    |
| <i>Total Department of Housing and Urban Development</i>  |                                       |  | <hr/> 34,143                                    |
| <b><i>Total Other Programs</i></b>  |                                       |  | <hr/> 613,055                                   |
| <b><i>Total Expenditures of Federal Awards</i></b>  |                                       |  | <hr/> 613,055                                   |



**Central Louisiana AIDS Support Services, Inc.**

**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2010**

**1. 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.

CLASS's federal awards are operated on a cost reimbursement basis whereby CLASS applies for reimbursement of costs incurred in conjunction with program activities. During 2010, the Ryan White grants (except for Part C) were operated on units of service fee basis whereby CLASS was compensated at fixed rates per units of service as provided for in the federal grant contracts. Accordingly, this schedule presents the revenues earned through the expenditure of funds awarded, costs expended and reimbursed, the reimbursement for units of service provided, and the reimbursement of hourly rates.

**2. Major Programs**

Major programs are identified in the Summary of Auditors' Results section of the Schedule of Findings and Questioned Costs.

# **K & NIGHT COMPANY CPAs, LLC**

## **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 LA AIDS Support Services, Inc.  
Alexandria, Louisiana

We have audited the financial statements of Central LA AIDS Support Services, Inc. (CLASS) (a nonprofit organization) as of December 31, 2010, and have issued our report thereon dated June 30, 2011. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered CLASS's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

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 the 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether CLASS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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Kevin Knight, CPA

Michael B. Carbo, CPA, CFE, CVA

Blaine Hebert, CPA

3820A Bayou Rapides Rd.

Alexandria, LA 71303

Phone (318) 483-4180

Fax (318) 473-0075

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.

*Knight & Company CPAs, LLC*  
Alexandria, Louisiana  
June 30, 2011

# K & NIGHT COMPANY CPAs, LLC

## **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

### Compliance

We have audited the compliance of Central LA AIDS Support Services, Inc. (the CLASS) (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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. CLASS's major federal programs are identified in the summary of auditors' 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 CLASS's management. Our responsibility is to express an opinion on CLASS's compliance based on our audit.

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. Our audit does not provide a legal determination of CLASS's compliance with those requirements.

In our opinion, CLASS complied, in all material respects, with the 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, 2010. However, the results of our 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 of findings and questioned costs as item 2010-01.

### Internal Control Over Compliance

Management of CLASS 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 our audit, we considered CLASS's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

*Knight & Company CPAs, LLC*

Alexandria, Louisiana  
June 30, 2011

**Central LA AIDS Support Services, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2010**

**1. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified  
Internal control over financial reporting:  
• Material weakness(es) identified: no  
• Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported  
Noncompliance material to financial statements noted: no

*Federal Awards*

Internal control over financial reporting:  
• Material weakness(es) identified: no  
• Significant deficiency(ies) identified that are not considered to be material weakness(es)? none reported  
Type of auditors' report issued on compliance for major programs: unqualified  
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 93.917                | DHH HIV Care Formula Grants               |

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? No

**Central LA AIDS Support Services, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2010**

2. **Financial Statement Findings:** none

3. **Findings and questioned costs relating to federal awards:**

**Finding 2010-01: Compliance with OMB A-133 Reporting Requirements**

**Criteria:** OMB Circular A-133 requires all agencies who expend funds in excess of \$500,000 to timely submit an audit to the Federal Clearinghouse within 30 days of receiving the report from the auditor or nine months after the end of the audit period, whichever comes first.

**Condition and Context:** The previous two years, 2008 and 2009, audit reports were not submitted to the Federal Clearinghouse by the previous auditor, in effect not making CLASS compliant with Circular OMB A-133 reporting requirements.

**Questioned Costs:** None.

**Cause and Effect:** CLASS is not in compliance with Circular OMB A-133 reporting requirements due to the fact these audit reports were not submitted.

**Recommendation:** We recommend that CLASS follow the established guidelines set forth by Circular OMB A-133.

**Management's Response:** See Managements Corrective Action Plan.

**Central LA AIDS Support Services, Inc.**

**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**YEAR ENDED DECEMBER 31, 2010**

CLASS respectfully submits the following corrective action plan for the year ended December 31, 2010:

Independent Public Accounting Firm:

Knight & Company CPAs, LLC  
3820A Bayou Rapides Rd  
Alexandria, LA 71303  
(318) 483-4180

Auditee Contact Person:

Ann Lowrey, Executive Director  
904 13<sup>th</sup> Street  
Alexandria, LA 71301  
(318) 442-1010

Audit Period: January 1, 2010 through December 31, 2010

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

**Finding 2010-01: Compliance with OMB A-133 Reporting Requirements**

**Condition:** The previous two years, 2008 and 2009, audit reports were not submitted to the Federal Clearinghouse by the previous auditor, in effect making CLASS noncompliant with Circular OMB A-133 reporting requirements.

**Recommendation:** We recommend that CLASS follow the established guidelines set forth by Circular OMB A-133 for filing reports timely.

**Action Taken:** CLASS has engaged the services of a new auditor and will ensure that they comply with Circular OMB A-133 requirements.