



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

November 6, 2009

Board of Directors  
Aids Task Force, Inc.  
525 Oxford Street  
Fort Wayne, IN 46806

We have reviewed the audit report prepared by Haines, Isenbarger & Skiba, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Aids Task Force, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the findings in the report. The management letter contains six comments.

STATE BOARD OF ACCOUNTS

Financial Statements

**AIDS TASK FORCE, INC.**

*Years ended December 31, 2007 and 2006  
with Report of Independent Auditors*

AIDS Task Force, Inc.

Financial Statements

Years ended December 31, 2007 and 2006

**Contents**

Report of Independent Auditors ..... 1

Financial Statements

Statements of Financial Position ..... 2

Statements of Activities and Changes in Net Assets ..... 3

Statements of Functional Expenses ..... 4

Statements of Cash Flows ..... 6

Notes to Financial Statements ..... 7



## Report of Independent Auditors

The Board of Directors  
AIDS Task Force, Inc.

We have audited the accompanying statements of financial position of the AIDS Task Force, Inc. as of December 31, 2007 and 2006, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the AIDS Task Force Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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. We believe that our audits provide 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 the AIDS Task Force, Inc. at December 31, 2007 and 2006 and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Haines, Isenbarger & Skiba, LLC*

February 15, 2008

AIDS Task Force, Inc.

Statements of Financial Position

	December 31	
	2007	2006
<b>Assets</b>		
Cash and cash equivalents	\$ 165,617	\$ 80,239
Receivables:		
Pledges	51,000	53,000
Reimbursement claims—government grants	52,711	154,384
Other	3,399	974
	107,110	208,358
Prepaid expenses	15,675	5,964
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	3,871	3,816
Land, building, and equipment:		
Land and improvements	43,000	43,000
Building and improvements	693,607	693,607
Equipment	193,959	192,914
	930,566	929,521
Less accumulated depreciation	476,288	424,184
	454,278	505,337
<b>Total assets</b>	<b>\$ 746,551</b>	<b>\$ 803,714</b>
 <b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable	\$ 4,160	\$ 29,151
Accrued compensation	7,289	11,581
Tenant deposits	2,660	2,830
Mortgage note payable	16,548	20,689
<b>Total liabilities</b>	<b>30,657</b>	<b>64,251</b>
Net assets:		
Unrestricted	583,227	637,010
Temporarily restricted	132,667	102,453
<b>Total net assets</b>	<b>715,894</b>	<b>739,463</b>
<b>Total liabilities and net assets</b>	<b>\$ 746,551</b>	<b>\$ 803,714</b>

*See accompanying notes.*

AIDS Task Force, Inc.

Statements of Activities and Changes in Net Assets

	Year ended December 31					
	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support, revenues, and gains</b>						
Contributions and grants	\$ 12,377	\$ 231,300	\$ 243,677	\$ 13,766	\$ 196,421	\$ 210,187
Government grants	572,338	-	572,338	609,536	-	609,536
United Way	35,174	-	35,174	35,209	-	35,209
Special events	73,925	-	73,925	85,420	-	85,420
Medicaid fees	31,464	-	31,464	35,185	-	35,185
Rent	29,022	-	29,022	31,470	-	31,470
Investment income	2,044	-	2,044	671	-	671
Loss on disposal of equipment and building improvements	-	-	-	(4,875)	-	(4,875)
Miscellaneous	1,172	-	1,172	2,983	-	2,983
Total support, revenues, and gains before net assets released from restrictions	757,516	231,300	988,816	809,365	196,421	1,005,786
Net assets released from restrictions	201,086	(201,086)	-	228,183	(228,183)	-
Total support, revenues, and gains	958,602	30,214	988,816	1,037,548	(31,762)	1,005,786
<b>Expenses</b>						
Direct services	759,977	-	759,977	734,770	-	734,770
Residential services	95,121	-	95,121	95,729	-	95,729
Management and general	109,783	-	109,783	121,825	-	121,825
Fundraising	47,504	-	47,504	42,885	-	42,885
Total expenses	1,012,385	-	1,012,385	995,209	-	995,209
Increase (decrease) in net assets before other changes	(53,783)	30,214	(23,569)	42,339	(31,762)	10,577
<b>Other changes in net assets</b>						
Government grants received for capital expenditures	-	-	-	284,354	-	284,354
<b>Increase (decrease) in net assets</b>	(53,783)	30,214	(23,569)	326,693	(31,762)	294,931
Net assets at beginning of year	637,010	102,453	739,463	310,317	134,215	444,532
Net assets at end of year	\$ 583,227	\$ 132,667	\$ 715,894	\$ 637,010	\$ 102,453	\$ 739,463

See accompanying notes.

AIDS Task Force, Inc.

Statement of Functional Expenses

Year ended December 31, 2007

	Program Services		Supporting Services		Total Expenses
	Direct Services	Residential Services	Management and General	Fundraising	
Salaries	\$369,433	\$ 9,595	\$ 76,766	\$ 23,989	\$ 479,783
Employee benefits	46,541	1,862	10,549	3,103	62,055
Payroll taxes	27,648	1,106	6,267	1,844	36,865
Total salaries and related expenses	443,622	12,563	93,582	28,936	578,703
Conferences, conventions, and meetings	6,807	-	231	4,500	11,538
Dues, subscriptions, and permits	643	-	187	62	892
Insurance	6,234	4,936	1,299	519	12,988
Interest	-	1,507	-	-	1,507
Miscellaneous	-	-	4	40	44
Occupancy	26,171	24,426	5,816	1,745	58,158
Postage	4,876	-	1,060	1,131	7,067
Printing and publications	10,942	-	1,344	6,910	19,196
Professional and other fees	13,535	178	3,028	1,068	17,809
Specific assistance to individuals	202,436	-	-	-	202,436
Supplies	7,636	-	1,105	1,306	10,047
Telephone	7,186	449	988	360	8,983
Travel and transportation	29,368	-	618	927	30,913
Total expenses before depreciation	759,456	44,059	109,262	47,504	960,281
Depreciation	521	51,062	521	-	52,104
Total expenses	\$759,977	\$ 95,121	\$109,783	\$ 47,504	\$1,012,385

See accompanying notes.

AIDS Task Force, Inc.

Statement of Functional Expenses

Year ended December 31, 2006

	Program Services		Supporting Services		Total Expenses
	Direct Services	Residential Services	Management and General	Fundraising	
Salaries	\$377,689	\$ 9,810	\$ 78,481	\$ 24,525	\$490,505
Employee benefits	54,013	2,161	12,243	3,600	72,017
Payroll taxes	34,862	1,394	7,902	2,324	46,482
Total salaries and related expenses	466,564	13,365	98,626	30,449	609,004
Conferences, conventions, and meetings	10,113	-	54	3,144	13,311
Dues, subscriptions, and permits	443	-	88	19	550
Insurance	6,871	5,198	1,435	571	14,075
Interest	-	1,666	67	-	1,733
Miscellaneous	603	-	54	-	657
Occupancy	26,271	27,735	5,759	2,297	62,062
Postage	4,406	-	773	279	5,458
Printing and publications	14,652	-	516	2,762	17,930
Professional and other fees	11,458	28,665	10,391	718	51,232
Specific assistance to individuals	133,673	-	-	-	133,673
Supplies	10,256	-	1,445	1,708	13,409
Telephone	7,336	525	981	353	9,195
Travel and transportation	34,122	-	207	14	34,343
Total expenses before depreciation	726,768	77,154	120,396	42,314	966,632
Depreciation	8,002	18,575	1,429	571	28,577
Total expenses	\$734,770	\$ 95,729	\$121,825	\$ 42,885	\$995,209

See accompanying notes.

AIDS Task Force, Inc.

Statements of Cash Flows

	<b>Year ended December 31</b>	
	<b>2007</b>	<b>2006</b>
<b>Operating activities</b>		
Increase (decrease) in net assets	\$ (23,569)	\$ 294,931
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	52,104	28,577
Loss on disposal of equipment and building improvements	-	4,875
Changes in operating assets and liabilities:		
Receivables	101,248	(55,904)
Prepaid expenses	(9,711)	(83)
Accounts payable	(24,991)	11,889
Accrued compensation	(4,292)	(3,930)
Tenant deposits	(170)	200
Net cash provided by operating activities	90,619	280,555
<b>Investing activities</b>		
Increase in beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	(55)	(291)
Purchase of land, building, and equipment	(1,045)	(286,116)
Net cash used in investing activities	(1,100)	(286,407)
<b>Financing activities</b>		
Payments on mortgage note payable	(4,141)	(3,511)
Increase (decrease) in cash and cash equivalents	85,378	(9,363)
Cash and cash equivalents at beginning of year	80,239	89,602
Cash and cash equivalents at end of year	\$ 165,617	\$ 80,239

# AIDS Task Force, Inc.

## Notes to Financial Statements

December 31, 2007

### 1. Organization and Summary of Significant Accounting Policies

#### Organization

The mission of the AIDS Task Force, Inc. (AIDS Task Force) is:

*to help improve the quality of life for men, women and children with HIV and AIDS, to educate the community in order to decrease the incidence of HIV and STD infection, and to increase the public's understanding of and compassionate response to HIV and AIDS.*

The AIDS Task Force was begun in 1985 by a group of volunteers who saw the need to care for people infected with the disease and provide the community with accurate information. The AIDS Task Force has grown into a professional social service agency serving hundreds of individual clients each year and sharing information with the general public in northeast Indiana through annual programs and presentations.

The AIDS Task Force offers services for persons living with HIV/AIDS, their families and loved ones, persons at risk for HIV, and the general public. Case management, residential services, prevention education, and public awareness remain central to the work of the AIDS Task Force.

The AIDS Task Force is a nonprofit voluntary health and welfare organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies for the 50% charitable contributions deduction limitation. The AIDS Task Force has been classified as an organization that is not a private foundation under Section 509(a) of the IRC.

#### Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The AIDS Task Force maintains cash accounts at a local bank. From time to time during the year, the AIDS Task Force's cash amounts exceeded federally insured limits.

#### Land, Building, and Equipment

Land, building, and equipment are stated at cost or if donated, at fair value at the date of the donation, except for land, building, and equipment that have been impaired. For impaired assets,

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

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

**Land, Building, and Equipment (continued)**

the carrying amount is reduced to the estimated fair market value. There were no impaired assets at December 31, 2007. Items with a cost or value of \$1,500 or more and a useful life of one year or more are capitalized.

Depreciation is computed primarily by accelerated methods over the following estimated useful lives:

Land improvements	7 – 15 years
Building and improvements	7 – 27 years
Equipment	3 – 7 years

Expenditures for normal repairs and maintenance are expensed when incurred.

**Net Assets**

Net assets are allocated to and accounted for based upon the donor's intended purpose. Unrestricted net assets have no donor imposed restrictions placed upon them. In addition, the AIDS Task Force has received certain net assets for specific purposes or later periods of time or after specified dates, and these amounts are reported as temporarily restricted net assets. Temporarily restricted net assets include amounts whose use is limited by donor imposed stipulations that can be met and removed by actions of the AIDS Task Force pursuant to those stipulations, occurrence of a stated event, or passage of a specified time period. When donor imposed restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets include amounts whose use is limited by donor imposed restrictions which stipulate that resources be maintained permanently, but permits the AIDS Task Force to expend part or all of the income derived from the donated assets for either unrestricted or temporarily restricted purposes. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted. As of December 31, 2007 and 2006, the AIDS Task Force had no permanently restricted net assets.

**Contributions and Pledges Receivable**

Contributions, including gifts, grants, bequests, pledges, and other unconditional promises to give, without restrictions or stipulations are recorded as support (revenue) in the period received. Contributions are reported as temporarily restricted or permanently restricted support if they are received with donor imposed stipulations that limit their use.

# AIDS Task Force, Inc.

## Notes to Financial Statements (continued)

### 1. Organization and Summary of Significant Accounting Policies (continued)

#### Contributions and Pledges Receivable (continued)

Contributions of assets other than cash are recorded at their fair market value. The AIDS Task Force reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the AIDS Task Force reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The AIDS Task Force reclassifies these temporarily restricted net assets to unrestricted net assets at that time.

Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation. A substantial number of volunteers donate significant amounts of time in providing the AIDS Task Force's services; however, because the majority of donated services do not meet accounting guidelines, only limited amounts have been reported in the financial statements.

When considered necessary, the AIDS Task Force provides an allowance for doubtful receivables, which is based on historical collection experience and management's estimate of losses that will be incurred in the collection of all receivables. As of December 31, 2007 and 2006, no allowance for doubtful accounts was deemed necessary.

#### Government Support

Government support funded by grants is recognized as the AIDS Task Force performs the contracted services pursuant to grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

The AIDS Task Force receives a substantial amount of its support from government funds. A significant reduction in the level of this support, if this were to occur, may have an effect on the AIDS Task Force's programs and activities.

# AIDS Task Force, Inc.

## Notes to Financial Statements (continued)

### **1. Organization and Summary of Significant Accounting Policies (continued)**

#### **Special Events**

AIDS Task Force recognizes revenue from special events upon their completion. Special events include the AIDS Walk and Gay Lesbian Dinner Dance. The AIDS Task Force serves as the fiscal agent for the Gay Lesbian Dinner Dance.

#### **Advertising**

Advertising costs are charged to operations when incurred. Advertising costs charged to operations were \$7,452 in 2007 and \$6,406 in 2006.

#### **Functional Allocation of Expenses**

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

#### **Use of Estimates**

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### **Reclassifications**

Certain amounts as of and for the year ended December 31, 2006 have been reclassified to conform with the presentation as of and for the year ended December 31, 2007. The reclassifications had no impact on net assets as of December 31, 2006 or increase in net assets for the year then ended.

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

**2. Pledges Receivable**

Pledges receivable represent unconditional promises or pledges that are expected to be collected within one year. Pledges receivable consisted of the following:

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Indiana AIDS Fund	<b>\$ 31,000</b>	\$ 38,000
Foellinger Foundation	<b>20,000</b>	15,000
	<b><u>\$ 51,000</u></b>	<b><u>\$ 53,000</u></b>

The AIDS Task Force has received indication of an intention to give in the amount of \$12,500 from the United Way of Allen County. The expected funding is to be used for operations in 2008 and has not been recorded as an asset of the AIDS Task Force as of December 31, 2007.

**3. Beneficial Interest in Funds Held by the  
Community Foundation of Greater Fort Wayne Inc.**

The beneficial interest in the funds held and invested by the Community Foundation of Greater Fort Wayne Inc. (Community Foundation) of \$3,871 and \$3,816 at December 31, 2007 and 2006, respectively, is the result of an agreement whereby the AIDS Task Force has transferred assets to the Community Foundation and has specified itself as the beneficiary of the assets. The AIDS Task Force may draw up to a certain percent of the value of the assets each year, subject to certain conditions and limitations, but may only obtain a return of the full value of the assets upon consent of the Community Foundation.

Additionally, the Community Foundation holds funds, with a value of \$5,121 and \$4,509 at December 31, 2007 and 2006, respectively, for the benefit of the AIDS Task Force for which it has retained variance power. The AIDS Task Force is precluded from recognizing these assets held by the Community Foundation because the donors explicitly granted variance power to the Community Foundation. Accordingly, the AIDS Task Force only recognizes its annual grants by the Community Foundation from these funds as contributions.

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

**4. Debt Arrangements**

Pursuant to a revolving line of credit arrangement with a bank, the AIDS Task Force may borrow up to \$35,000 subject to certain terms and conditions. This line of credit arrangement is secured by real estate and is due on demand. The line of credit bears interest at the prime rate (7.25% at December 31, 2007), which is payable monthly. There were no borrowings pursuant to this revolving line of credit arrangement at December 31, 2007 and 2006.

The mortgage note payable in the amount of \$16,548 and \$20,689 at December 31, 2007 and 2006, respectively, is due to a bank in monthly installments of \$471, including interest at 8.05%. The mortgage note, which is due in 2011, is secured by land and a building.

Maturities on the mortgage note payable as of December 31, 2007 are as follows:

2008	\$ 4,478
2009	4,852
2010	5,257
2011	1,961
	<u>\$ 16,548</u>

Interest expense and interest paid was \$1,507 in 2007 and \$1,733 in 2006.

**5. Temporarily Restricted Net Assets**

Temporarily restricted net assets are to be used for the following purposes:

	<b>December 31</b>	
	<b>2007</b>	<b>2006</b>
Programs:		
Youth empowerment	\$ 21,000	\$ 48,453
Prevention	45,000	20,000
Outreach	-	9,000
Client assistance	23,333	10,000
Women at Risk	11,667	-
Future periods—operating support	31,667	15,000
	<u>\$ 132,667</u>	<u>\$ 102,453</u>

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

**5. Temporarily Restricted Net Assets (continued)**

Net assets released from donor restrictions as a result of incurring expenses to satisfy the restricted purposes or by occurrence of other events specified by donors were \$201,086 in 2007 and \$228,183 in 2006.

Unrestricted net assets of \$81,418 and \$41,328 at December 31, 2007 and 2006, respectively, have been designated by the Board of Directors as the Ryan Fund to be used for emergencies, unanticipated expenses, and extraordinary opportunities.

**6. Government Grants for the Jack Ryan House Rehabilitation Project**

In 2006 the AIDS Task Force completed a rehabilitation project at the Jack Ryan House, funded by a Housing Opportunities for Persons with AIDS (HOPWA) government grant awarded in 2004. At the conclusion of the project, the AIDS Task Force was entitled to a developer's fee of \$37,907, which the Board of Directors voted to place in the Ryan Fund, the unrestricted fund designated for emergencies and opportunities.

In conjunction with the rehabilitation project, the AIDS Task Force also recognized \$284,354 as government grants received for capital expenditures (building improvements and equipment) in the statements of activities and changes in net assets.

**7. Lease Commitments**

On May 1, 2005, the AIDS Task Force entered into a lease for new program service and office facilities pursuant to an operating lease expiring in 2008. At December 31, 2007, future minimum payments using noncancelable operating leases with initial terms of one year or more are \$10,000 in 2008.

Rent expense was \$24,000 in 2007 and 2006.

AIDS Task Force, Inc.

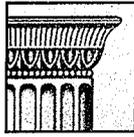
Notes to Financial Statements (continued)

**8. Retirement Plan**

The AIDS Task Force sponsors a tax deferred annuity plan under Section 403(b) of the IRC. All employees are eligible to participate in the plan. The plan provides for employer discretionary contributions to the plan; however, the Board of Directors has not authorized any contributions to the plan for 2007 or 2006.

**9. Related Party Transactions**

Certain members of the Board of Directors are employed by companies providing banking and other services to the AIDS Task Force. The fees paid to these companies were based on customary and reasonable rates for such services.



Finance Committee  
AIDS Task Force, Inc.

In planning and performing our audit of the financial statements of the AIDS Task Force, Inc. (AIDS Task Force) for the year ended December 31, 2007, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. The following suggestions, which resulted from our consideration of internal control, are submitted to assist in improving procedures and controls.

### **Documentation of Internal Controls and Operating Procedures and Accounting Policies and Practices**

Management has, over the past few years, begun to formally document internal controls and operating procedures. Public companies are required to establish sound systems of internal control and document them via the books and records provisions of the Foreign Corrupt Practices Act and Sarbanes-Oxley Act of 2002, and regulations related thereto. Management has also begun to document its accounting policies and practices to promote consistent accounting treatment for recurring transactions. This documentation will also assist with formal training especially when turnover or promotions occur.

We encourage continued documentation of internal controls, operating procedures, and accounting policies and practices.

### **Additional Fundraising**

We also continue to have ongoing discussions with members of management and the Finance Committee concerning the need for additional fundraising and efforts related thereto. Progress continues to be made in the current year relative to continuing to establish working relationships with local Foundations, hospitals, and others and conveying the mission and purpose of the AIDS Task Force.

### **Governance and Form 990**

The Internal Revenue Service (IRS) has developed a draft of "Good Governance Practices" for 501(c)(3) Organizations. The draft contains nine recommendations to help ensure that directors understand their roles and responsibilities and actively promote good governance practices. The IRS has also dramatically redesigned Form 990 for tax year 2008, including adding or modifying 37 governance and other questions. Several questions pertain to good or best practices rather than to items required by tax law. For example, the IRS wants to know, among other things:

- The process the nonprofit organization uses to review Form 990, including whether a copy is furnished to the governing body before filing (Schedule O).

- Whether officers, directors or trustees, and key employees are *annually* required to disclose interests that could create conflicts of interest with the organization, and if so whether compliance is consistently monitored and enforced. Compliance enforcement procedures, if any, must be described (Schedule O).
- Whether the nonprofit organization has a *written* document retention and destruction policy.
- Whether there is a *contemporaneous* documentation of meetings held or written actions undertaken during the year by the governing body and each committee with authority to act on behalf of the governing body.

Nonprofit organizations are not yet required to implement procedures or policies that the IRS considers desirable. Moreover, the IRS has given no hints concerning the consequences of “wrong” answers to its governance and policy questions. Some believe that the answers will be used as part of a scoring process to determine whether a return should be audited or supplemental information requested on certain issues.

We recommend that management review its reporting and compliance practices in light of the aforementioned recommendations and Form 990 revisions. This discussion should include discussing the merits of adopting these policies if they are not already in place.

### **Record Retention Guidelines**

Management needs to establish formal record retention policies and determine the most cost effective means of storing that data. Storage space has been dedicated to assist in the retention of key financial data. We have provided to management the latest Sarbanes-Oxley requirements concerning record retention and an example policy.

### **Temporarily and Permanently Restricted Funds**

The AIDS Task Force has and does receive certain assets that have been designated by the donor for specific purposes. In some instances, the contribution is in response to a formal grant request that details the use of the funds and restrictions related thereto. In conjunction with other existing and future assets received and restricted by the donor, we recommend that a form be developed to document the source of the restriction (trust, letter, conversation with donor or attorneys, etc.); the restrictions placed on the AIDS Task Force in accepting the donation, the requirements for fulfilling the restriction; the use of the earnings on the funds invested; and any other matters or communications related to the contribution and funds being held.

### **Continuing Education**

We recommend that a formal continuing education program be established or made available to the business manager and monitored in ~~her~~<sup>his</sup> annual performance reviews. A current “library” of applicable accounting literature should be maintained. A strong and continuously updated knowledge of accounting principles generally accepted in the United States has become an ever increasing expectation by the users of the financial statements and regulatory authorities.

We will continue to do our best to keep management informed of historical, new, and developing accounting guidance applicable to the AIDS Task Force.



We have separately reported in our letter dated February 15, 2008 addressed to the Finance Committee that we noted no matters involving internal control and its operation that we considered to be material weaknesses under standards established by the American Institute of Certified Public Accountants.

We also provided several minor suggestions and ideas such as recordkeeping for the future that were readily accepted and implemented by management.

This letter is intended solely for the information and use of management, the Finance Committee, the Board of Directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

*Haines, Lumbarger & Skiba, LLC*

February 15, 2008