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June 17, 2009

Board of Directors
Aids Task Force of LaPorte
and Porter Counties
5490 Broadway
Gary, IN 46410

We have reviewed the audit report prepared by Swartz, Retson & Co., PC, 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 of LaPorte and Porter Counties, 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.

STATE BOARD OF ACCOUNTS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

**AIDS TASK FORCE OF LAPORTE
AND PORTER COUNTIES**

DECEMBER 31, 2007 AND 2006

SWARTZ, RETSON & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
235 E. 86TH AVENUE
MERRILLVILLE, INDIANA 46410

AIDS TASK FORCE OF LA PORTE AND PORTER COUNTIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
AIDS Task Force of LaPorte and Porter Counties, Inc.
5490 Broadway
Merrillville, IN 46410

We have audited the accompanying statements of financial position of AIDS Task Force of LaPorte and Porter Counties, Inc. as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of AIDS Task Force of LaPorte and Porter Counties, Inc. as of December 31, 2007 and 2006 and the 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 of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 10, 2008 on our consideration of AIDS Task Force of LaPorte and Porter Counties, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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 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 important for assessing the results of our audits.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of AIDS Task Force of LaPorte and Porter Counties, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

Merrillville, IN
August 10, 2008



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
AIDS Task Force of LaPorte and Porter Counties, Inc.
5490 Broadway
Merrillville, IN 46410

We have audited the financial statements of AIDS Task Force of LaPorte and Porter Counties, Inc. as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 10, 2008. We conducted our audits 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 AIDS Task Force of LaPorte and Porter Counties, Inc.'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 AIDS Task Force of LaPorte and Porter Counties, Inc.'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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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 AIDS Task Force of LaPorte and Porter Counties, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, and 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*.

This report is intended for the information of the Board of Directors, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Swartz, Betson & Co. P.C.

Merrillville, IN
August 10, 2008



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
AIDS Task Force of LaPorte and Porter Counties, Inc.

Compliance

We have audited the compliance of AIDS Task Force of LaPorte and Porter Counties, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. AIDS Task Force of LaPorte and Porter Counties, Inc.'s 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 each of its major federal programs is the responsibility of AIDS Task Force of LaPorte and Porter Counties, Inc.'s management. Our responsibility is to express an opinion on AIDS Task Force of LaPorte and Porter Counties, Inc.'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 AIDS Task Force of LaPorte and Porter Counties, Inc.'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 on AIDS Task Force of LaPorte and Porter Counties, Inc.'s compliance with those requirements.

In our opinion, AIDS Task Force of LaPorte and Porter Counties, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of AIDS Task Force of LaPorte and Porter Counties, Inc. 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 AIDS Task Force of LaPorte and Porter Counties, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 AIDS Task Force of LaPorte and Porter Counties, Inc.'s internal control over compliance.

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, 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.

Swartz, Betson & Co., P.C.

Merrillville, IN
August 10, 2008

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

A S S E T S

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 36,046	\$ 27,839
Grants Receivable	92,291	93,935
Prepaid Expenses	1,908	3,826
Land, Building and Equipment – Net	<u>28,056</u>	<u>14,104</u>
TOTAL ASSETS	<u>\$158,301</u>	<u>\$139,704</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Notes Payable – Current Portion	\$ 68,000	\$ 65,569
Accounts Payable	2,134	2,206
Accrued Taxes and Expenses	18,960	00
Accrued Salaries and Wages	<u>16,577</u>	<u>15,227</u>
Total Liabilities	105,671	83,002
NET ASSETS		
Unrestricted	<u>52,630</u>	<u>56,702</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$158,301</u>	<u>\$139,704</u>

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

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
	<u>Unrestricted</u>	<u>Unrestricted</u>
REVENUES, GAINS AND OTHER SUPPORT		
Care Coordination Grant	\$389,654	\$351,352
HIV Testing and Counseling	35,452	44,391
ISDH – Supportive Services	66,967	18,924
ISDH – Gay Adolescent – Risky Business	23,745	30,609
Medicaid Income	18,932	34,473
Care Treatment	00	16,062
Shelter Plus Care	23,203	00
State AIDS Funding	15,000	13,000
Women of Color	15,000	7,500
Contributions	10,545	18,275
Holiday Baskets	00	2,285
Miscellaneous Income	1,735	5,086
Speakers Bureau	00	1,000
Interest Income	00	92
CAG	00	3,000
Total Revenues, Gains and Other Support	<u>600,233</u>	<u>546,049</u>
EXPENSES AND LOSSES		
Program Services	539,089	546,885
Management and General	<u>65,216</u>	<u>61,978</u>
Total Expenses and Losses	<u>604,305</u>	<u>608,863</u>
CHANGE IN NET ASSETS	(4,072)	(62,814)
NET ASSETS – Beginning of Year	<u>56,702</u>	<u>119,516</u>
NET ASSETS – End of Year	<u>\$ 52,630</u>	<u>\$ 56,702</u>

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

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
SALARIES AND RELATED EXPENSES			
Salaries	\$338,005	\$ 37,556	\$375,561
Payroll Taxes	25,788	2,865	28,653
Insurance – Health	<u>10,676</u>	<u>1,186</u>	<u>11,862</u>
Total Salaries and Related Expenses	374,469	41,607	416,076
EXPENSES			
Advertising and Promotion	4,376	00	4,376
Bad Debt Expense	8,042	00	8,042
Building Security	509	57	566
Consulting Fees	9,244	1,027	10,271
DEFA Expenses	15,563	1,840	18,403
Depreciation Expense	7,271	808	8,079
Donations	157	18	175
Educational	1,936	00	1,936
Loss on Sale of Asset	1,118	124	1,242
Housing Expense	19,206	2,134	21,340
Interest Expense	3,029	337	3,366
Internet Expense	900	100	1,000
Insurance Expense	3,913	435	4,348
Miscellaneous Expense	7,777	7,776	15,553
Office Furniture	135	15	150
Office Supplies	16,784	1,865	18,648
Postage	2,919	324	3,243
Printing Expense	5,086	565	5,651
Rent Expense	31,768	3,530	35,298
Repairs and Maintenance	615	68	683
Subscriptions	121	13	134
Seminar Expense	878	97	975
Telephone	9,304	1,035	10,339
Travel	9,400	1,044	10,444
Utilities	<u>3,571</u>	<u>397</u>	<u>3,967</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$539,089</u>	<u>\$ 65,216</u>	<u>\$604,305</u>

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

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
SALARIES AND RELATED EXPENSES			
Salaries	\$342,749	\$ 38,083	\$380,832
Payroll Taxes	27,536	3,060	30,596
Insurance – Health	<u>16,464</u>	<u>1,829</u>	<u>18,293</u>
Total Salaries and Related Expenses	386,749	42,972	429,721
EXPENSES			
Advertising and Promotion	540	00	540
Building Security	302	34	336
Consulting Fees	10,418	1,157	11,575
DEFA Expenses	14,908	1,656	16,564
Depreciation Expense	6,615	735	7,351
Educational	36	00	36
Loss on Sale of Asset	28,818	3,202	32,020
HOPWA Expenses	180	20	200
Interest Expense	3,983	443	4,425
Internet Expense	1,869	208	2,076
Insurance Expense	3,390	377	3,767
Miscellaneous Expense	947	947	1,895
Office Furniture	1,896	211	2,106
Office Supplies	8,408	934	9,343
Postage	3,125	347	3,473
Printing Expense	1,122	125	1,247
Rent Expense	38,383	4,265	42,647
Repairs and Maintenance	448	50	498
Property Tax Expense	689	511	1,200
Seminar Expense	318	35	353
Telephone	13,925	1,547	15,472
Travel	16,023	1,780	17,803
Utilities	<u>3,794</u>	<u>422</u>	<u>4,215</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$546,885</u>	<u>\$ 61,978</u>	<u>\$608,863</u>

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

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (4,072)	\$ (62,814)
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities		
Depreciation	8,079	7,351
(Gain) Loss on Sale of Asset	1,242	32,020
(Increase) Decrease in:		
Grants Receivable	1,645	6,695
Employee Loan Receivable	00	200
Prepaid Expenses	1,916	396
Increase (Decrease) in:		
Accounts Payable	(73)	(805)
Accrued Payroll	1,351	(4,662)
Accrued Property Taxes	00	(1,000)
Accrued Taxes and Expenses	<u>18,960</u>	<u>00</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>29,048</u>	<u>(22,619)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	<u>(23,272)</u>	<u>(3,292)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Additional Borrowings - Line of Credit	115,000	74,000
Payments of Long Term Debt	(112,569)	00
Payments of Line of Credit	<u>00</u>	<u>(65,000)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>2,431</u>	<u>9,000</u>
 NET INCREASE (DECREASE) IN CASH	 8,207	 (16,911)
 CASH AND CASH EQUIVALENTS - Beginning of Year	 <u>27,839</u>	 <u>44,750</u>
 CASH AND CASH EQUIVALENTS - End of Year	 <u>\$ 36,046</u>	 <u>\$ 27,839</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 3,366</u>	<u>\$ 4,425</u>

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

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The AIDS Task Force of LaPorte and Porter Counties is a non-profit organization which provides counseling and support services to people with the HIV virus and their families. The Organization also provides educational and preventative programs to the community through its offices and speaker's bureau. The Organization's primary source of revenue is governmental grants.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which is used for both income tax and financial reporting purposes.

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization 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 whose restrictions are met in the same period as the recognition of the contribution are considered unrestricted for reporting purposes.

Contributions

The Organization has also adopted 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 or nature of any donor restrictions.

Use of Estimates in Preparation of Financial Statements

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.

Property and Equipment

Property and equipment are carried at cost. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. The fair market value of donated assets are also capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss resulting from the transactions is recognized as income for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. The depreciation expense was \$8,079 and \$7,351 for the years ended December 31, 2007 and 2006, respectively.

Cash and Cash Equivalents

Cash, as presented on the accompanying statement of financial position and statement of cash flows, includes cash on hand and deposits in interest bearing and non-interest bearing accounts in financial institutions. Cash equivalents consist of highly liquid accounts with original maturities of 90 days or less.

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Income Taxes

Aids Task Force of LaPorte and Porter Counties qualified under the provisions of the Internal Revenue Code 501(c)(3) as a not-for-profit organization and, therefore is exempt from federal and state income taxes. The Organization is not classified as a private foundation.

Advertising

Advertising costs are included in operating expenses and are expensed as incurred. Advertising expense was \$4,376 and \$540 for the years ended December 31, 2007 and 2006, respectively.

Grants Receivable

The Organization records bad debts on the direct write-off method when, in management's opinion, an account becomes uncollectible. The direct write-off method is a departure from generally accepted accounting principles. Bad debt expenses calculated using the direct write-off method do not differ materially from those calculated using generally accepted methods. The bad debt expense for the years ended December 31, 2007 and 2006 was \$8,042 and \$0, respectively.

NOTE 2 - PROPERTY AND EQUIPMENT

Land, building and equipment on the accompanying statement of financial position includes the following:

	<u>2007</u>	<u>2006</u>
Office Equipment	\$ 71,195	\$ 71,628
Office Furniture and Fixtures	3,854	3,854
Leasehold Improvements	<u>00</u>	<u>807</u>
	75,049	76,289
Less: Accumulated Depreciation	<u>46,993</u>	<u>62,185</u>
Total Property and Equipment	<u>\$ 28,056</u>	<u>\$ 14,104</u>

NOTE 3 - NOTES PAYABLE

The Organization has the following notes payable at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Porter Bank, interest rate 6.75%, \$108,000 line of credit with no specific monthly payment amount, secured by grant income, matures on September 5, 2008	\$ 68,000	\$ 65,569
Less: Current Portion	<u>68,000</u>	<u>65,569</u>
Total Notes Payable - Long Term	<u>\$ 00</u>	<u>\$ 00</u>

NOTE 4 - INTEREST EXPENSES

The Organization incurred interest expense of \$3,366 and \$4,425 for the years ended December 31, 2007 and 2006, respectively.

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 5 - OPERATING LEASE

The Organization has a one year lease agreement with the Michigan City Urban Enterprise Association, Inc., to rent office space at 3924 Main St, Michigan City, Indiana. The lease continues through March 2009. The monthly rent was \$403. Rent expense was \$4,840 and \$4,840 for the years ended December 31, 2007 and 2006, respectively. The future minimum payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2008	\$ 4,840
December 31, 2009	\$ 1,210

The Organization leases office space at 5490 Broadway, Merrillville, Indiana. This is a renewable lease, and expires October 31, 2008. The monthly rent expense is \$2,077 in 2007. Rent expense was \$23,928 and \$23,728 for the years ended December 31, 2007 and 2006, respectively. The future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2008	\$ 20,770

The Organization entered into an equipment lease for a copier in 2006. The lease payments are \$487 per month for 48 months, beginning April 2006 and expiring in March 2010. The future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2008	\$ 5,838
December 31, 2009	\$ 5,838
December 31, 2010	\$ 1,460

NOTE 6 - CONCENTRATION OF REVENUE

In 2007 and 2006 the Organization received 65% and 64%, respectively, of its revenue from the Care Coordination Grant. No determination has been made as to the effect on the financial statements should this source cease funding AIDS Task Force of LaPorte and Porter Counties, Inc.

NOTE 7 - RECLASSIFICATIONS

Certain reclassifications have been made to the December 31, 2006 financial statements in order for them to better compare to the December 31, 2007 financial statements.

SUPPLEMENTARY INFORMATION

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Program Title and/or Passthrough Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Total Program Assistance Received</u>	<u>Disbursements/ Expenditures</u>	<u>Reference</u>
<u>Major Program</u>					
U.S. Department of Health and Human Services Administration for Children and Families Indiana State Department of Health	93.667	\$ 405,000	\$221,719	\$221,719	Note 3
7/1/05 - 6/30/06		<u>405,000</u>	<u>167,935</u>	<u>167,935</u>	
7/1/06 - 6/30/07		<u>810,000</u>	<u>389,654</u>	<u>389,654</u>	
Total Major Programs					
<u>Non-Major Programs</u>					
U.S. Department of Housing and Urban Development Community Planning and Development Indiana Housing Finance Authority	14.238	<u>1,605,960</u>	<u>23,203</u>	<u>23,203</u>	Note 4
U.S. Department of Health and Human Services Public Service Center, Centers for Disease Control and Prevention Indiana State Department of Health	93.943	113,736	59,197	59,197	Note 5
1/1/07 - 12/31/07		45,000	4,699	4,699	Note 5
7/1/06 - 6/30/07		<u>90,000</u>	<u>62,268</u>	<u>62,268</u>	Note 5
7/1/07 - 6/30/08		<u>248,736</u>	<u>126,164</u>	<u>126,164</u>	
Total U.S. Department of Health and Human Services					
Total Non-Major Programs		<u>1,854,696</u>	<u>149,367</u>	<u>149,367</u>	
TOTAL FEDERAL AWARDS		<u>\$2,664,696</u>	<u>\$539,021</u>	<u>\$539,021</u>	

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2007

NOTE 1 - SCOPE OF AUDIT

All federal awards received by AIDS Task Force of LaPorte and Porter Counties have been included in the Schedule of Expenditures of Federal Awards.

NOTE 2 - BASIS OF PRESENTATION

- a. The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting as permitted by Circular A-133. The accrual basis of accounting conforms with accounting principles generally accepted in the United States of America.
- b. Circular A-133 requires an annual audit of organizations expending a total amount of federal financial assistance equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required.

MAJOR PROGRAM

NOTE 3 - CARE COORDINATION

AIDS Task Force of LaPorte and Porter Counties receives reimbursement of claims from the Indiana State Department of Health for services provided to HIV positive clients. The program, HIV/AIDS Care Coordination Program, strives to provide total client care through one location for the physical and psychological needs of HIV patients. The Indiana State Department of Health is a pass-through agency for the U.S. Department of Health and Human Services Administration for Children and Families.

NON-MAJOR PROGRAMS

NOTE 4 - HIV PREVENTION AND TESTING

AIDS Task Force of LaPorte and Porter Counties receives reimbursement for claims from the Indiana State Department of Health for HIV prevention programs and testing. The objective of this program is to provide education and prevention services to persons at risk. The goal is to prevent the spread of the HIV virus. The Indiana State Department of Health is a pass-through agency for the U.S. Department of Health and Human Services, Public Health Service, Centers for Disease Control and Prevention.

NOTE 5 - HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS

AIDS Task Force of LaPorte and Porter Counties receives reimbursement for claims from the Indiana Housing Finance Authority to aid HIV clients in securing housing. The objective of the program is to aid HIV clients in securing safe and affordable housing. The Indiana Housing Finance Authority is a pass-through agency for the U.S. Department of Housing and Urban Development – Community Planning and Development Division.

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

**SCHEDULE OF GOVERNMENTAL FUNDING
FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Grantor/Pass-Through Grantor Program Title/Grant Name</u>	<u>Federal CFDA Number</u>	<u>Program or Award Receipts</u>	<u>Total Program Assistance</u>
<u>FEDERAL AWARDS</u>			
U.S. Department of Health and Human Services Indiana State Department of Health Administration for Children and Families ACC 203-8	93.667	Reimbursed	\$221,719
ACC 203-8 Total Administration for Children and Families	93.667	Reimbursed	<u>167,935</u> 389,654
U.S. Department of Housing and Urban Development Community Planning and Development Indiana Housing Finance Authority	14.238	Reimbursed	23,203
U.S. Department of Health and Human Services, Indiana Department of Health and Human Services AIDS 203-1	93.943	Reimbursed	59,197
U.S. Department of Health and Human Services, Indiana Department of Health and Human Services SAPT 203-14	93.959	Reimbursed	<u>66,967</u>
TOTAL FEDERAL AWARDS			<u>539,021</u>
<u>STATE AWARDS</u>			
Women of Color Indiana AIDS Funds	n/a n/a	Reimbursed Reimbursed	15,000 <u>15,000</u>
TOTAL STATE AWARDS			<u>30,000</u>
TOTAL GOVERNMENTAL AWARDS			<u>\$569,021</u>

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2007

A. SUMMARY OF RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of AIDS Task Force of LaPorte and Porter Counties, Inc.
2. No reportable conditions were disclosed during the audit of the financial statements of AIDS Task Force of LaPorte and Porter Counties, Inc.
3. No instances of noncompliance material to the financial statements of AIDS Task Force of LaPorte and Porter Counties, Inc. were disclosed during the audit.
4. No reportable conditions in internal control over major federal award programs were disclosed in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program for AIDS Task Force of LaPorte and Porter Counties, Inc. expresses an unqualified opinion.
6. The auditor's report on compliance for major federal award programs for AIDS Task Force of LaPorte and Porter Counties, Inc. expresses an unqualified opinion.
7. The program tested as a major program was the U.S. Department of Health and Human Services, Indiana State Department of Health, Care Coordination Fund #93.667.
8. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported on this schedule.
9. The threshold for distinguishing Types A and B programs was \$300,000.
10. AIDS Task Force of LaPorte and Porter Counties, Inc. was not determined to be a low-risk auditee.

EXIT CONFERENCE

An exit conference was held with the grantees' officials on September 17, 2008 at 8:30 a.m. at the administrative office in Merrillville, Indiana.

GRANTEE REPRESENTATIVES

TAMMY MORRIS

EXECUTIVE DIRECTOR

JERRI FLOYD

ACCOUNTANT

AUDIT ORGANIZATION REPRESENTATIVES

RICHARD YOUNG

PRINCIPAL

GREG WARD

AUDITOR