



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B34675

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

June 29, 2009

Board of Directors
Aids Ministries/Aids Assist
of North Indiana, Inc.
P.O. Box 11582
South Bend, IN 46634

We have reviewed the audit report prepared by Christine A. Lauber, CPA, Independent Public Accountant, for the period July 1, 2007 to June 30, 2008. 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 Ministries/Aids Assist of North Indiana, Inc., as of June 30, 2008, 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



**AIDS MINISTRIES/AIDS ASSIST OF NORTH
INDIANA, INC.**

FINANCIAL STATEMENTS

June 30, 2008 and 2007

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Financial statements	
Statements of financial position	3
Statements of activities and changes in net assets	4-5
Statements of cash flows	6
Statements of functional expenses	7-8
Notes to financial statements	9-14
Schedule of federal awards	15
Compliance and internal control reports	
Independent auditor's report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	16-17
Independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133	18-19
Schedule of findings	20-21
Summary schedule of prior audit findings	22



CHRISTINE A. LAUBER

Certified Public Accountant & Consultant

Report of Independent Accountant

To the Board of Directors
AIDS Ministries/AIDS Assist of North Indiana, Inc.
South Bend, IN


I have audited the accompanying statement of financial position of AIDS Ministries/AIDS Assist of North Indiana, Inc. as of June 30, 2008 and 2007 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS Ministries/AIDS Assist of North Indiana, Inc. as of June 30, 2008 and 2007, and its changes in net assets and 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*, I have also issued my report dated October 10, 2008 on my consideration of AIDS Ministries/AIDS Assist of North Indiana, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of the AIDS Ministries/AIDS Assist of North Indiana, 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.



October 21, 2008

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.

Statements of Financial Position

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,752	\$ 18,080
Grants and contributions receivable	100,289	71,852
Inventory	1,064	761
Prepaid expenses	7,412	4,282
TOTAL CURRENT ASSETS	<u>115,517</u>	<u>94,975</u>
Property and equipment		
Office equipment	74,620	76,265
Vehicles	43,993	43,993
Buildings	1,093,583	1,093,583
Furniture & fixtures in housing units	5,717	5,717
Improvements	7,257	7,257
Land	52,025	52,025
	<u>1,277,195</u>	<u>1,278,840</u>
Less accumulated depreciation	<u>(357,149)</u>	<u>(308,753)</u>
	<u>920,046</u>	<u>970,087</u>
	<u>\$ 1,035,563</u>	<u>\$ 1,065,062</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued expenses	\$ 61,850	\$ 42,313
Line of credit	-	24,000
Current maturities of long-term debt	12,165	249,773
TOTAL CURRENT LIABILITIES	<u>74,015</u>	<u>316,086</u>
Long-term debt		
Notes payable - bank	239,272	251,656
Current portion - long-term debt	<u>(12,165)</u>	<u>(249,773)</u>
	<u>227,107</u>	<u>1,883</u>
Net assets		
Unrestricted	711,146	716,973
Temporarily restricted	23,295	30,120
	<u>734,441</u>	<u>747,093</u>
	<u>\$ 1,035,563</u>	<u>\$ 1,065,062</u>

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.

Statement of Activities and Changes in Net Assets

For the year ending June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2008</u>
REVENUES AND OTHER SUPPORT			
Conference contributions	\$ 36,890	\$ -	\$ 36,890
Government grants	671,058	-	671,058
Government contracts	105,783	-	105,783
United Way grant	78,334	-	78,334
Other contributions and memorials	57,181	1,087	58,268
Other grants	21,591	22,208	43,799
Fund raisers, gross revenue	22,567	-	22,567
Fund raisers, direct expenses	(5,599)	-	(5,599)
Medicaid	37,967	-	37,967
Rent income	26,465	-	26,465
Other income	824	-	824
Interest income	3	-	3
Loss on sale of assets	(1,231)	-	(1,231)
Net assets released from restrictions			
Expiration of time restrictions	17,008	(17,008)	-
Restrictions satisfied by service	13,112	(13,112)	-
Total revenues	<u>1,081,953</u>	<u>(6,825)</u>	<u>1,075,128</u>
EXPENSES			
Program services			
Direct services	672,111	-	672,111
Preventive services	266,506	-	266,506
Supporting services			
General & administrative	139,941	-	139,941
Development	9,223	-	9,223
Total expenses	<u>1,087,781</u>	<u>-</u>	<u>1,087,781</u>
CHANGE IN NET ASSETS	(5,827)	(6,825)	(12,652)
NET ASSETS AT BEGINNING OF YEAR	<u>716,973</u>	<u>30,120</u>	<u>747,093</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 711,146</u></u>	<u><u>\$ 23,295</u></u>	<u><u>\$ 734,441</u></u>

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.

Statement of Activities and Changes in Net Assets

For the year ending June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2007</u>
REVENUES AND OTHER SUPPORT			
Conference contributions	\$ 43,770	\$ -	\$ 43,770
Government grants	672,256	-	672,256
Government contracts	104,348	-	104,348
United Way grant	81,477	-	81,477
Other contributions and memorials	27,331	19,982	47,313
Other grants	65,862	10,138	76,000
Fund raisers, gross revenue	26,422	-	26,422
Fund raisers, direct expenses	(8,004)	-	(8,004)
Medicaid	18,812	-	18,812
Rent income	28,521	-	28,521
Other income	5,933	-	5,933
Interest income	23	-	23
Loss on sale of assets	(1,258)	-	(1,258)
Net assets released from restrictions			
Expiration of time restrictions	17,874	(17,874)	-
Restrictions satisfied by service	3,477	(3,477)	-
Total revenues	<u>1,086,844</u>	<u>8,769</u>	<u>1,095,613</u>
EXPENSES			
Program services			
Direct services	689,982	-	689,982
Preventive services	277,021	-	277,021
Supporting services			
General & administrative	173,476	-	173,476
Development	12,353	-	12,353
Total expenses	<u>1,152,832</u>	<u>-</u>	<u>1,152,832</u>
CHANGE IN NET ASSETS	(65,987)	8,769	(57,218)
NET ASSETS AT BEGINNING OF YE.	<u>782,960</u>	<u>21,351</u>	<u>804,311</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 716,973</u></u>	<u><u>\$ 30,120</u></u>	<u><u>\$ 747,093</u></u>

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.

Statements of Cash Flows

For the years ending June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (12,652)	\$ (57,218)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	50,370	51,930
(Increase) decrease in accounts receivable	(28,437)	32,269
(Increase) decrease in inventory	(303)	1,412
(Increase) decrease in prepaid expenses & other current assets	(3,130)	11,201
Increase (decrease) in accounts payable	-	-
Increase (decrease) in accrued liabilities	19,537	(8,080)
Loss on disposal of assets	1,231	1,258
	<u>39,268</u>	<u>89,990</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>26,616</u>	<u>32,772</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	<u>(1,560)</u>	<u>(32,113)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,560)</u>	<u>(32,113)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in line of credit	(24,000)	19,000
Principal payments on long term debt	<u>(12,384)</u>	<u>(11,868)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(36,384)</u>	<u>7,132</u>
NET INCREASE (DECREASE) IN CASH	(11,328)	7,791
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>18,080</u>	<u>10,289</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 6,752</u>	<u>\$ 18,080</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Interest expense	\$ 18,090	\$ 17,753
------------------	-----------	-----------

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.

Statements of Functional Expenses

For the year ending June 30, 2008

	Program costs			Support			Total
	Direct Service	Preventive Service	General and Administrative	Development	2008		
Personnel	\$ 369,455	\$ 205,804	\$ 22,575	\$ 7,656	\$	\$ 605,490	
Telephone/Yellow Pages	6,344	3,621	3,129	-	-	13,094	
Office expense	13,734	2,951	4,496	120	-	21,301	
Building expense	27,170	12,377	16,379	-	-	55,926	
Insurance	8,189	3,165	4,029	-	-	15,383	
Office equipment	3,191	974	1,348	-	-	5,513	
Postage	1,874	1,094	1,419	312	-	4,699	
Membership fees	335	-	1,147	-	-	1,482	
Depreciation	-	-	50,370	-	-	50,370	
Direct service	180,297	-	-	-	-	180,297	
Payroll taxes	24,807	13,533	1,434	562	-	40,336	
Newsletter	-	-	-	287	-	287	
Professional fees	-	-	2,082	-	-	2,082	
Library	-	-	15	-	-	15	
Travel	10,976	6,456	6,143	286	-	23,861	
Training	3,346	225	30	-	-	3,601	
Legal and accounting	6,755	4,445	2,836	-	-	14,036	
Outside services	15,638	11,861	2,791	-	-	30,290	
Interest expense	-	-	18,090	-	-	18,090	
Miscellaneous	-	-	1,628	-	-	1,628	
	\$ 672,111	\$ 266,506	\$ 139,941	\$ 9,223	\$	\$ 1,087,781	

See notes to financial statements
Page 7

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.

Statements of Functional Expenses as Reconstructed

For the year ending June 30, 2007

	Program costs			Support			Total
	Direct Service	Preventive Service	General and Administrative	Development	2007		
Personnel	\$ 372,892	\$ 221,675	\$ 46,184	\$ 7,941	\$ 648,692		
Telephone/Yellow Pages	6,315	3,672	4,705	-	14,692		
Office expense	4,000	3,210	3,654	87	10,951		
Building expense	27,984	11,185	14,952	-	54,121		
Insurance	18,354	3,164	3,833	-	25,351		
Office equipment	3,163	1,077	3,829	-	8,069		
Postage	1,802	1,020	1,557	1,408	5,787		
Membership fees	561	70	714	-	1,345		
Depreciation	-	-	51,930	-	51,930		
Direct service	207,302	-	-	-	207,302		
Payroll taxes	25,392	15,080	3,352	585	44,409		
Newsletter	-	-	-	1,466	1,466		
Professional fees	-	-	1,994	-	1,994		
Library	-	482	60	-	542		
Travel	9,430	7,578	8,186	148	25,342		
Training	1,370	235	100	-	1,705		
Legal and accounting	6,640	4,133	3,283	-	14,056		
Outside services	4,777	4,440	1,950	-	11,167		
Interest expense	-	-	17,753	-	17,753		
Miscellaneous	-	-	5,440	718	6,158		
	<u>\$ 689,982</u>	<u>\$ 277,021</u>	<u>\$ 173,476</u>	<u>\$ 12,353</u>	<u>\$ 1,152,832</u>		

See notes to financial statements
Page 8

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 Nature of business and significant accounting policies

Nature of business

The AIDS Ministries/AIDS Assist of North Indiana, Inc. is a not-for-profit corporation organized under the laws of the State of Indiana.

Through government grants and private financial support from individuals, businesses and church organizations, the Organization provides preventive educational services, testing and counseling for members of the community; and provides direct assistance and support for those infected and/or affected by HIV/AIDS in northern Indiana.

Significant accounting policies

Basis of accounting

The Organization records its transactions on the accrual basis of accounting and accordingly all significant receivables, payables, and other liabilities are reflected. The preparation of financial statements in conformity with generally accepted accounting principles also requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure notes at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Basis of presentation

Financial statement presentations follow the recommendations of the 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 received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are presented at face value, net of the allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based on current economic conditions. Management considers all accounts to be collected and therefore, has not established a provision for uncollectible accounts.

Donated property

Donated property is recorded at the estimated fair market value at date of receipt as determined by the owner.

Volunteer service

A number of unpaid volunteers have made contributions of their time to AIDS Ministries/AIDS Assist of North Indiana, Inc.. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation. Professional services donated are valued and reflected in these statements.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income tax exemption

The AIDS Ministries/AIDS Assist of North Indiana, Inc. is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Indiana income taxes under a similar section of the state's gross income tax laws.

Property and equipment

Property and equipment are carried on the balance sheet at historical cost. Depreciation is calculated over the useful lives of the assets using the modified accelerated cost recovery system over the useful life of the assets. The Organization's capitalization policy is \$1,000.

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS

Inventories

Inventories are valued at cost on the first in, first out (FIFO) basis.

Note 2 Grants and contributions receivable

Grants and contributions receivable consist primarily of amounts due under government cost-reimbursement grants. All amounts are due within one year, and no allowance for uncollectibility is considered necessary.

At June 30, 2008 and 2007, the Organization had approximately \$196,000 and \$239,000, respectively, of conditional promises to give in excess of allowable costs incurred under government cost-reimbursement grants. Such promises will be recognized as revenue when allowable costs are incurred.

Note 3 Grants

In addition to the government grants listed in the federal award schedule, the Organization has the following grants in effect for the year ending June 30, 2008:

Grant	Year	Amount	Income Recognized
United Way	2008	\$78,334	\$78,334
Hispanic Outreach	2007	\$23,000	\$10,372
Hispanic Outreach	2008	\$15,000	\$ 8,473
IAF DEFA	2007	\$11,000	\$ 6,636
IAF DEFA	2008	\$13,000	\$ 4,744
Notre Dame	2007	\$ 4,000	\$ 5,000
Drug Free Comm Cncl	2007	\$ 5,000	\$ 2,960
Drug Free Comm Cncl	2008	\$ 4,300	\$ 1,628
Broadway Cares	2007	\$ 5,020	\$ 5,020
TJX Companies	2008	\$ 5,000	\$ 388
TJX Companies	2007	\$ 5,000	\$ 1,984
Hoffman Foundation	2007	\$ 5,500	\$ 2,147

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 Debt

The Organization has a line of credit with a bank. The interest rate as of June 30, 2008 and 2007 was 7.00% and 10.25% with balances of \$-0- and \$24,000 respectively.

Long-term debt disclosed on the statement of financial position consists of the following:

	<u>2008</u>	<u>2007</u>
Note payable, Indiana Housing Finance Authority, due in quarterly installments of \$939, including interest at 2%, through January 2009, collateralized by certain real estate.	\$ 1,866	\$ 5,537
Note payable to a bank, due in monthly installments of \$1,989, including interest at 5.75%, through May 2013 (balloon), collateralized by certain real estate.	<u>237,406</u>	<u>246,119</u>
	251,656	236,524
Less current maturities	<u>(12,165)</u>	<u>(249,773)</u>
	<u>\$ 1,883</u>	<u>\$ 251,661</u>

Long-term debt is scheduled to mature as follows:

2009	\$ 10,299
2010	10,916
2011	11,569
2012	12,230
2013 and thereafter	<u>192,392</u>
	<u>\$ 237,406</u>

Note 5 Programs and services

Currently the Organization offers client services and prevention programs. Client services include care coordination, housing programs, social support, and medical needs assessment for the community. Prevention programs include testing, counseling education, teen peer educators, and a resource center.

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6 Leasing agreements

Donated space in Walkerton is used for client services, testing, and education. No value has been recorded for the space due to the difficulty of valuing it and the minimal usage.

Note 7 Building affordability periods

All buildings, except for the office building, were acquired through grants and donations. Their use is restricted for housing for homeless individuals who are HIV-positive for certain "affordability" periods that expire after ten years. If the properties are converted to another use during these periods, all or a portion of the grants or donations must be returned to the funding sources.

Note 8 Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2008 and 2007

Time restricted for future periods:	<u>2008</u>	<u>2007</u>
Indiana AIDS Fund	\$ 14,783	\$ 17,008
Purpose restrictions:		
Support services	<u>8,512</u>	<u>13,112</u>
Total temporarily restricted net assets	<u>\$ 23,295</u>	<u>\$ 30,120</u>

Note 9 Pension plan

The Organization maintains a defined contribution SIMPLE plan under Section 408(p) of the Internal Revenue Code that covers substantially all of its full-time employees. The Organization contributed \$6,099 and \$7,201 to the plan for the years ending June 30, 2008 and 2007, respectively.

AIDS MINISTRIES/AIDS ASSIST OF NORTH INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS

Note 10 Contingencies and concentrations of risk

The Organization has elected to not pay unemployment insurance to the State of Indiana. Consequently, the Organization is responsible for paying unemployment compensation claims by former employees as they are made.

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization has cash on deposit with financial institutions that, at times, may exceed the insurance limit of the Federal Deposit Insurance Corporation. Cash and cash equivalents are maintained at high-quality financial institutions and the Organization has not experienced any losses on such deposits.

The Organization's donors and activities are concentrated in the northwest Indiana area. Consequently, its contributions, special events, and other sources of support and revenue may be affected by conditions in that area.

For the years ended June 30, 2008 and 2007, approximately 72% and 71% of total revenues, respectively, were received from state and federal governmental sources, all of which originated from the U.S. Departments of Health & Human Services and Housing and Urban Development. Approximately 45% and 43% of total revenues, respectively, passed through the Indiana Department of Health.

**AIDS MINISTRIES
OF NORTH INDIANA, INC.**
SCHEDULE OF FEDERAL AWARDS
For the year ended June 30, 2008

Federal Grantor/Program	Federal CFDA Number	Agency or Pass through Number	Program or Award Amount	Federal Expenditures
U S Department of Health and Human Services				
Passed through state or local government or other organization				
Indiana Department of Health	93.940	AIDS 955-2	65,000	35,500
Indiana Department of Health	93.940	AIDS 955-2	51,000	19,952
Indiana Department of Health	93.667	ACC 955-5	259,186	259,186
US Department of Housing and Urban Development				
Paid directly				
	14.235	IN36B4-2008	106,675	13,349
	14.235	IN36B6-0023	103,140	44,851
	14.235	IN36B7-0008	103,140	10,124
	14.235	Unknown	10,000	10,000
	14.235	IN36B7-2005	35,558	5,666
Passed through state or local government or other organization				
Indiana FSSA/Division of Family and Children Housing & Community Services	14.231	ES-006-002	16,500	16,500
Indiana FSSA/Mental Health and Addiction	93.959	76-07-SA-0613	106,570	105,783
City of South Bend, Indiana	14.238	IN36C60-2043	40,896	12,164
	14.238	IN36C50-0009	39,288	1,844
	14.231	JES 07-02	8,936	8,936
Indiana Housing Finance Authority	14.241	CC-007-001	119,867	119,867
Life Treatment Center	14.235	IN36B40-0003	74,962	23,119
Center for Disease Control				
Passed through state or local government or other organization				
Indiana State Department of Health	93.959	SAPT 955-1	90,000	90,000
			<u>\$</u>	<u>776,841</u>



CHRISTINE A. LAUBER

Certified Public Accountant & Consultant

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

To the Board of Directors
AIDS Ministries/AIDS Assist of North Indiana, Inc.
South Bend, IN

I have audited the financial statements of AIDS Ministries/AIDS Assist of North Indiana, Inc. (a non-profit organization) as of and for the year ended June 30, 2008, and have issued my report thereon dated October 21, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the AIDS Ministries/AIDS Assist of North Indiana, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered AIDS Ministries/AIDS Assist of North Indiana, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned

functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. I noted other matters involving the internal control over financial reporting, which I have reported to management of AIDS Ministries/AIDS Assist of North Indiana, Inc. in a separate letter dated October 21, 2008.

This report is intended solely for the information of the audit committee, management 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.



October 21, 2008

Page 17



CHRISTINE A. LAUBER

Certified Public Accountant & Consultant

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 Ministries/AIDS Assist of North Indiana, Inc.
South Bend, IN

Compliance

I have audited the compliance of AIDS Ministries/AIDS Assist of North Indiana, Inc. (a non-profit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. AIDS Ministries/AIDS Assist of North Indiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of AIDS Ministries/AIDS Assist of North Indiana, Inc.'s management. My responsibility is to express an opinion on AIDS Ministries/AIDS Assist of North Indiana, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AIDS Ministries/AIDS Assist of North Indiana, Inc.'s compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of AIDS Ministries/AIDS Assist of North Indiana, Inc.'s compliance with those requirements.

In my opinion, AIDS Ministries/AIDS Assist of North Indiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.


Page 18

Internal Control over Compliance

The management of AIDS Ministries/AIDS Assist of North Indiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered AIDS Ministries/AIDS Assist of North Indiana, 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 my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information and use of management 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.



October 21, 2008

Page 19

**AIDS MINISTRIES/AIDS ASSIST
OF NORTH INDIANA, INC.
SCHEDULE OF FINDINGS
For the year ended June 30, 2008**

SECTION I

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of AIDS Ministries/AIDS Assist of North Indiana, Inc.
2. The report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* discloses no reportable conditions.
3. No instances of noncompliance material to the financial statements of AIDS Ministries/AIDS Assist of North Indiana, Inc. were disclosed by the audit.
4. No reportable conditions relating to the audit of the major federal award programs were disclosed by the audit of the financial statements.
5. The auditor's report on compliance for the major federal award program expresses an unqualified opinion.
6. There were no findings relating to the financial statements that are required to be reported in the schedule of federal award findings and questioned costs in accordance with generally accepted government auditing standards.
7. The major programs were the US Department of Housing and Urban Development CFDA #14.235 and the Indiana Housing Finance Authority CFDA #14.241.
8. The dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
9. The Organization qualified as a low-risk auditee under Paragraph 530 of the OMB Compliance Supplement.
10. There were no questioned costs for federal awards.

**AIDS MINISTRIES/AIDS ASSIST
OF NORTH INDIANA, INC.
SCHEDULE OF FINDINGS
For the year ended June 30, 2008**

SECTION II

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings and questioned costs.

**AIDS MINISTRIES/AIDS ASSIST
OF NORTH INDIANA, INC.**
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2007

Year ending June 30, 2007:

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings and questioned costs.