

**BIG BEND CARES, INC.
TALLAHASSEE, FLORIDA**

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

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INDEPENDENT AUDITOR'S REPORT

November 25, 2003

Board of Directors
Big Bend Cares, Inc.
Tallahassee, Florida

We have audited the accompanying statement of financial position of Big Bend Cares, Inc., as of September 30, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Big Bend Cares, Inc.'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 above present fairly, in all material respects, the financial position of Big Bend Cares, Inc., as of September 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2003 on our consideration of Big Bend Cares, Inc.'s internal control over financial reporting and our 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 our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Big Bend Cares, 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. The accompanying schedule of functional expenses is presented for purposes of additional analysis 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.

LAW, REDD, CRONA & MUNROE, P.A.

BIG BEND CARES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2003

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>TOTAL</u>
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 247,617	\$ 0	\$ 247,617
Grants Receivable	152,471	0	152,471
Medicaid Waiver Receivables	5,500	0	5,500
Other Receivables	2,877	0	2,877
Prepaid Expenses	16,036	0	16,036
Total Current Assets	<u>424,501</u>	<u>0</u>	<u>424,501</u>
FIXED ASSETS - Net	<u>865,700</u>	<u>0</u>	<u>865,700</u>
TOTAL ASSETS	<u>\$ 1,290,201</u>	<u>\$ 0</u>	<u>\$ 1,290,201</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts Payable	\$ 52,580	\$ 0	\$ 52,580
Accrued Wages	26,839	0	26,839
Accrued Annual Leave	62,072	0	62,072
Capital Lease-Current Portion	1,760	0	1,760
Mortgage Payable-Current Portion	23,130	0	23,130
Total Current Liabilities	<u>166,381</u>	<u>0</u>	<u>166,381</u>
LONG-TERM LIABILITIES			
Capital Lease - Net of Current Portion	4,419	0	4,419
Mortgage Payable - Net of Current Portion	576,870	0	576,870
Total Long-Term Liabilities	<u>581,289</u>	<u>0</u>	<u>581,289</u>
Total Liabilities	<u>747,670</u>	<u>0</u>	<u>747,670</u>
NET ASSETS			
Unrestricted	108,506	0	108,506
Unrestricted - Board-Designated	434,025	0	434,025
Temporarily Restricted	0	0	0
Permanently Restricted	0	0	0
Total Net Assets	<u>542,531</u>	<u>0</u>	<u>542,531</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,290,201</u>	<u>\$ 0</u>	<u>\$ 1,290,201</u>

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

BIG BEND CARES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Grants:			
State of Florida	\$ 1,480,395	\$ 0	\$ 1,480,395
Leon County	21,912	0	21,912
City of Tallahassee	72,152	0	72,152
United Way	46,235	0	46,235
Other	49,668	0	49,668
Net Client Service Revenue	84,800	0	84,800
Contributions and Fundraising	75,727	0	75,727
Gifts In-Kind	24,723	0	24,723
Interest	2,092	0	2,092
Miscellaneous Income	1,121	0	1,121
Total Support and Revenue	<u>1,858,825</u>	<u>0</u>	<u>1,858,825</u>
 RELEASED FROM RESTRICTIONS	 <u>5,000</u>	 <u>(5,000)</u>	 <u>0</u>
 EXPENSES			
Program Services	1,655,644	0	1,655,644
General and Administrative	76,644	0	76,644
Fund Raising	65,504	0	65,504
Total Expenses	<u>1,797,792</u>	<u>0</u>	<u>1,797,792</u>
 CHANGE IN NET ASSETS			
Unrestricted	66,033	0	66,033
Temporarily Restricted	0	(5,000)	(5,000)
Permanently Restricted	0	0	0
Total Change in Net Assets	<u>66,033</u>	<u>(5,000)</u>	<u>61,033</u>
 NET ASSETS - Beginning of Year	 <u>476,498</u>	 <u>5,000</u>	 <u>481,498</u>
 NET ASSETS - End of Year	 <u>\$ 542,531</u>	 <u>\$ 0</u>	 <u>\$ 542,531</u>

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

BIG BEND CARES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 61,033
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	19,186
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Grants Receivable	50,759
Medicaid Waiver Receivables	1,800
Other Receivables	(1,992)
Prepaid Expenses	620
Increase (Decrease) in Liabilities:	
Accounts Payable	12,021
Accrued Wages	26,839
Accrued Annual Leave	16,807
Net Cash Provided by Operating Activities	<u>187,073</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net Change on Disposals	(368)
Purchase of Building and Equipment	<u>(569,765)</u>
Net Cash Used in Investing Activities	<u>(570,133)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Capital Lease Payments	(1,661)
Proceeds from Mortgage Payable	<u>408,000</u>
Net Cash Provided by Financing Activities	<u>406,339</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 23,279

CASH AND CASH EQUIVALENTS - Beginning of Year 224,338

CASH AND CASH EQUIVALENTS - End of Year \$ 247,617

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

BIG BEND CARES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Big Bend Cares, Inc. (the Corporation), is a nonprofit organization formed to provide education and comprehensive support to people infected with or affected by HIV/AIDS in the Big Bend region of Northwest Florida. The corporation provides a variety of support activities, including information and referral, counseling, case management, patient care, housing supplements and community education. Screening, training, placement and coordination of community volunteers is provided to assist in the delivery of these services.

Income Taxes: The Corporation is exempt from federal income taxes under Section 501(c)(3) of the *Internal Revenue Code* and has been classified as an organization that is not a private foundation under Section 509(a).

A summary of significant accounting policies and reporting practices followed by the Corporation in the preparation of its financial statements is set forth below:

Basis of Accounting and Financial Statement Presentation: The financial statements of the Corporation have been prepared on the accrual basis of accounting. The Corporation is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted and permanently restricted net assets) based on the existence or absence of donor-imposed restrictions. The Corporation has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Cash Equivalents: The Corporation considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. Such investments are carried at cost which approximates market.

Property and Equipment: Property and equipment are recorded at historical cost, if purchased, and fair value at date of the gift, if donated. The Corporation capitalizes acquisitions of property and equipment having a useful life of more than one year and a cost of at least \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years for furniture and equipment and 30 years for buildings and improvements thereon. Maintenance and repairs are charged to operations when incurred. Betterments and renewals which extend the useful life of the related assets are capitalized.

Accrued Leave: The Corporation compensates its employees for unused vacation leave upon termination of employment. The amount of change in accrued leave for all employees from one year to the next is reported as an expense during the current year.

BIG BEND CARES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contracts: The Corporation performs various services under two types of contracts: cost reimbursement contracts and purchase of service contracts. Revenues are recognized on the basis of expenses incurred for cost reimbursement contracts and on a fee for service basis for purchase of service contracts. Amounts earned but not received are reported as grants receivable. Amounts received but not earned are reported as deferred revenue.

Estimates: The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain account balances such as the allowance for doubtful accounts and depreciation. Actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Corporation maintains its cash account at a commercial bank located in Tallahassee, Florida. Total cash account balances are secured by the Federal Deposit Insurance Corporation up to \$100,000 per bank.

Cash equivalents include investments in money market securities. At times, such amounts may either exceed the FDIC limits or not be eligible for FDIC insurance. The Corporation believes that credit risk related to these balances is minimal.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable represent amounts due under grants as follows:

State of Florida	\$ 140,285
Other	<u>12,186</u>
	<u>\$ 152,471</u>

No allowance for doubtful accounts has been recorded as management considers all balances to be collectible.

BIG BEND CARES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 4 – NET CLIENT SERVICE REVENUE

The Corporation bills Medicaid for case management services performed. Services rendered are reimbursed by Medicaid subject to specific documentation requirements. Compliance audits are conducted periodically by the Medicaid fiscal intermediary, which can result in the recoupment of fees paid to the Corporation. The Medicaid fiscal intermediary has conducted compliance audits for periods through March 31, 2003.

NOTE 5 – FIXED ASSETS

Fixed assets consisted of the following at September 30, 2003:

Building	\$163,917
Building Improvements	582,846
Land	90,000
Office Furniture and Equipment	121,350
Less: Accumulated Depreciation	<u>(92,413)</u>
Net Fixed Assets	<u><u>\$865,700</u></u>

NOTE 6 – LEASED FACILITIES

The Corporation terminated its lease of office space in Tallahassee on August 31, 2003, the cost of which was \$4,000 per month. It is now occupying its own building on which there is a mortgage.

Therefore, there are no future rental payments and total rent paid and expensed for the year ended September 30, 2003 was \$45,506.

NOTE 7 – MORTGAGE PAYABLE

At September 30, 2003, mortgage payable consists of the following:

Construction note payable to AmSouth Bank in the initial amount of \$192,000 bearing interest at the rate of 3.52% per annum; monthly payments of interest only until converted to a permanent loan on November 12, 2003; payments of principal and interest on \$600,000 thereafter (\$4,701 per month); final payment due November 12, 2008; collateralized by real estate located in Tallahassee, Florida. See Note 5.	\$600,000
Less: Current Portion of Mortgage Payable	<u>(23,130)</u>
Long-Term Portion	<u><u>\$576,870</u></u>

BIG BEND CARES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 7 – MORTGAGE PAYABLE (continued)

The mortgage payable is scheduled to mature as follows:

Fiscal Year	Principal Due
2004	\$23,130
2005	29,018
2006	30,460
2007	31,974
2008	33,563
Thereafter	451,855
Total	\$600,000

NOTE 8 – CAPITAL LEASE

The Corporation is the lessee of equipment under a secured capital lease, payable in monthly installments of \$173, including interest at 5.825% through December, 2006. The asset and liability under the capital lease were recorded at the fair value of the asset of \$8,975. The interest rate on the capital lease is imputed based on the lessor's implicit rate of return. The asset is amortized over its estimated productive life. Accumulated amortization on the asset at September 30, 2003 is \$2,992, of which \$1,795 is included with depreciation expense for the year ended September 30, 2003.

The lease agreement also contains a commitment for maintenance and supplies associated with the asset in the amount of \$375 each quarter during the lease term.

The minimum future payments under the capital lease as of September 30, 2003, including the commitment for maintenance and supplies, are as follows:

Year Ending September 30,	Maintenance and Supplies	Capital Lease
2004	\$ 1,500	\$ 2,073
2005	1,500	2,073
2006	1,500	2,073
2007	375	583
Total Minimum Payments	\$ 4,875	6,802
Less: Amount Representing Interest on Capital Lease		(623)
Present Value of Net Minimum Capital Lease Payments		6,179
Less: Current Portion		(1,760)
Long-Term Portion		\$ 4,419

BIG BEND CARES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 9 – DESIGNATION OF NET ASSETS

The Board of Directors has designated a portion of the Corporation's unrestricted net assets as follows:

Emergency Program Services	30%	\$162,759
Emergency Building Fund	30%	162,759
Future Capital Expenditures	20%	108,507
Board Designated		<u>434,025</u>
Undesignated	20%	108,506
Total Unrestricted Net Assets	100%	<u><u>\$542,531</u></u>

NOTE 10 – CONTINGENCY/CONCENTRATION

Approximately 89% of support and revenue are from grants and contracts received through governmental agencies and are subject to audit by the agencies. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be significant. Grants and contracts receivable from governmental agencies at September 30, 2003 are \$157,971.

NOTE 11 – TAX-SHELTERED ANNUITY

The Corporation maintains a Section 403(b) tax-sheltered annuity for its employees. All employees are eligible to participate, and the Corporation makes no contributions to these annuities.

NOTE 12 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest		
Paid (Net of Amount Capitalized) and Expensed		<u>\$ 413</u>
Capitalized		<u>\$ 9,858</u>
Non-Cash Contributions		<u><u>\$24,723</u></u>

NOTE 13 – COVENANTS AS TO THE OPERATION OF ITS HEADQUARTERS

For the renovation of its headquarters for the purpose of providing services to low and moderate income persons living with AIDS, Big Bend Cares, Inc. received a \$62,152 grant of CDBG funds from the City of Tallahassee. The agreement includes a covenant requiring the Corporation to provide its services for a period of fifteen years. If the Corporation disposes of the property prior to that time, the Corporation will be required to reimburse the City for the funds.

ADDITIONAL INFORMATION

BIG BEND CARES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-through from Bond Community Health Center, Inc. Ryan White Title III Planning Grant	93.918	N/A	\$ 50,945
Pass-through from Health Council of South Florida, Inc. AIDS Insurance Continuation Program	93.917	N/A	26,523
Pass-through from State of Florida Department of Health Ryan White Comprehensive AIDS Resources Emergency CARE, Title II	93.917	COAFN	475,619
Ryan White Comprehensive AIDS Resources Emergency CARE, Title II	93.917	COA3Z	517,688
Health Education Risk Reduction and Gadsden County Institute	93.940	COA4V	70,022
Health Education Risk Reduction	93.940	COAGW	19,911
Health Education Risk Reduction	93.940	COAAU	76,932
<u>U.S. Department of Housing & Urban Development</u>			
Pass-through from City of Tallahassee Community Development Block Grant	14.218	N/A	72,152
Pass-through from State of Florida Department of Health Housing Opportunities for Persons with AIDS	14.241	COAGS	41,180
Housing Opportunities for Persons with AIDS	14.241	COABS	<u>142,836</u>
			<u>\$ 1,493,808</u>

Notes:

- (1) The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.
- (2) The programs do not utilize subrecipients.
- (3) No federal awards were expended in non-cash assistance.
- (4) There are no loan programs with outstanding loans or loan guarantees at year end.

See independent auditor's report.

BIG BEND CARES, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

<u>Description</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses	\$ 634,215	\$ 50,449	\$ 36,035	\$ 720,699
Professional Fees	12,617	1,004	717	14,338
Promotions	5,950	0	5,950	11,900
Rent	40,045	3,185	2,275	45,505
Office Expense	39,093	3,110	2,221	44,424
Interest Expense	363	29	21	413
Loss on Disposal of Equipment	17	1	1	19
Volunteer Service	3,083	0	0	3,083
Travel/Transportation	45,707	3,636	2,597	51,940
Depreciation	16,884	1,343	959	19,186
Special Events	1,622	0	4,865	6,487
Corporate Insurance	9,873	785	561	11,219
Miscellaneous	47,907	3,811	2,722	54,440
Conferences	7,058	562	401	8,021
Maintenance	5,786	460	329	6,575
Equipment Expense	4,519	359	257	5,135
Direct Assistance Housing and Utilities	125,428	0	0	125,428
Prevention Education and Advertising	9,960	0	0	9,960
Counseling	30,150	0	0	30,150
Medical and Dental Care	337,567	0	0	337,567
Nutritional Services	1,765	0	0	1,765
Health Insurance	28,939	0	0	28,939
Pharmaceuticals	108,618	0	0	108,618
Food Bank	116,144	0	0	116,144
Home Health Care	11,748	0	0	11,748
Membership Dues/Subscriptions	1,742	139	99	1,980
Gifts In-Kind	8,844	7,771	5,494	22,109
	<u>\$ 1,655,644</u>	<u>\$ 76,644</u>	<u>\$ 65,504</u>	<u>\$ 1,797,792</u>

See independent auditor's report.

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

November 25, 2003

Board of Directors
Big Bend Cares, Inc.
Tallahassee, Florida

We have audited the financial statements of Big Bend Cares, Inc. as of and for the year ended September 30, 2003, and have issued our report thereon dated November 25, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Big Bend Cares, Inc.'s financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Big Bend Cares, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Directors
Big Bend Cares, Inc.
Page Two

This report is intended solely for the information and use of the board of directors, management, 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.

LAW, REDD, CRONA & MUNROE, P.A.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO ITS MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

November 25, 2003

Board of Directors
Big Bend Cares, Inc.
Tallahassee, Florida

Compliance

We have audited the compliance of Big Bend Cares, 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 its major federal program for the year ended September 30, 2003. Big Bend Cares, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Big Bend Cares, Inc.'s management. Our responsibility is to express an opinion on Big Bend Cares, 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 Big Bend Cares, 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 of Big Bend Cares, Inc.'s compliance with those requirements.

In our opinion, Big Bend Cares, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2003.

Internal Control Over Compliance

The management of Big Bend Cares, 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 our audit, we considered Big Bend Cares, 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, 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.

LAW, REDD, CRONA & MUNROE, P.A.

BIG BEND CARES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs?	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No

Identification of major programs:	<u>CFDA Number</u>	<u>Name of Federal Program</u>
	93.917	U.S. Department of Health and Human Services Pass-through from State of Florida Department of Health Ryan White Comprehensive AIDS Resources Emergency CARE, Title II
	93.917	Pass-through from Health Council of South Florida, Inc. AIDS Insurance Continuation Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II -- Financial Statement Findings

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Section III -- Federal Award Findings and Questioned Costs

We noted no matters involving noncompliance that are required to be reported in accordance with *U.S. Office of Management and Budget Circular A-133*.

**BIG BEND CARES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

None