



*Hon. George Maragos
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April 30, 2012

Ms. Donna Bacon, Board Co-Chair, Executive Committee
Mr. Gary Gumbs, Board Co-Chair, Executive Committee
Long Island Association for AIDS Care, Inc.
60 Adams Avenue
Hauppauge, NY 11788

Committee Chairpersons:

Re: Limited Review of Long Island Association for AIDS Care, Inc.

Our Office attempted to conduct a limited review of the contract between Nassau County and Long Island Association for AIDS Care, Inc. ("LIAAC") for the period 2009 – 2010. This review was commenced after Field Audit received a request to audit because the President/CEO of LIAAC earned a total compensation in 2009 of \$432,832 for work performed on behalf of three separate not-for-profit agencies. Specifically, our review was intended to cover the services provided to the Nassau County Department of Health under a contract for HIV prevention services.

New York State provides most of LIAAC's funding and due to Countywide cost cutting measures, the County has not renewed its HIV contract with LIAAC.¹ LIAAC receives the vast majority, 81%, of its support from New York State and the federal government.

¹ As of April 2011.

LIAAC appears to be affiliated with two other not-for-profits, BiasHelp of Long Island, Inc. (“BiasHelp”) and the Long Island Network of Community Services (“LINCS”). The Nassau County Youth Board contracts with BiasHelp but the County does not have a contract with LINCS.

The pertinent portion of the Nassau County Contract with LIAAC states that “the contractor shall maintain accurate records . . . in accordance with generally accepted accounting principles [and] such records shall at all times be available for audit and inspection by the Comptroller.”

LIAAC was not cooperative with the Comptroller’s Office’s review and failed to provide adequate documents and information after multiple requests as detailed throughout this report and as shown in Appendix C.

As a result of LIAAC’s refusal to cooperate, we terminated our limited review. In compliance with Government Audit Standards for terminated audits,² this letter details our scope limitations and documents the results of our review work to the date of termination. Our review also included public information such as LIAAC’s Federal Tax Form 990’s and Return of Organization Exempt from Income Tax for 2009 and 2010.

This matter will now be referred to the New York State Office of the Attorney General who oversees charities in NYS and to the Office of the New York State Comptroller who oversees NYS contracts for their review. We recommend that the State further review LIAAC’s affiliated companies, LINCS, and BiasHelp, to ensure proper management and use of public funds. Moreover, pending the results of such review, we recommend that the County refrain from entering into any future contacts and cease doing any form of future business with LIAAC. We will also refer this matter to the County Attorney for any potential legal recourse including a possible breach of contract action.

Background

LIAAC is a not-for-profit community services agency which provides comprehensive services to Long Islanders infected and affected by HIV/AIDS and other infectious diseases through contracts with Nassau County (“County”), Suffolk County (“Suffolk”) or the (“Counties”) and the New York State (“NYS”) Department of Health (“DOH”).

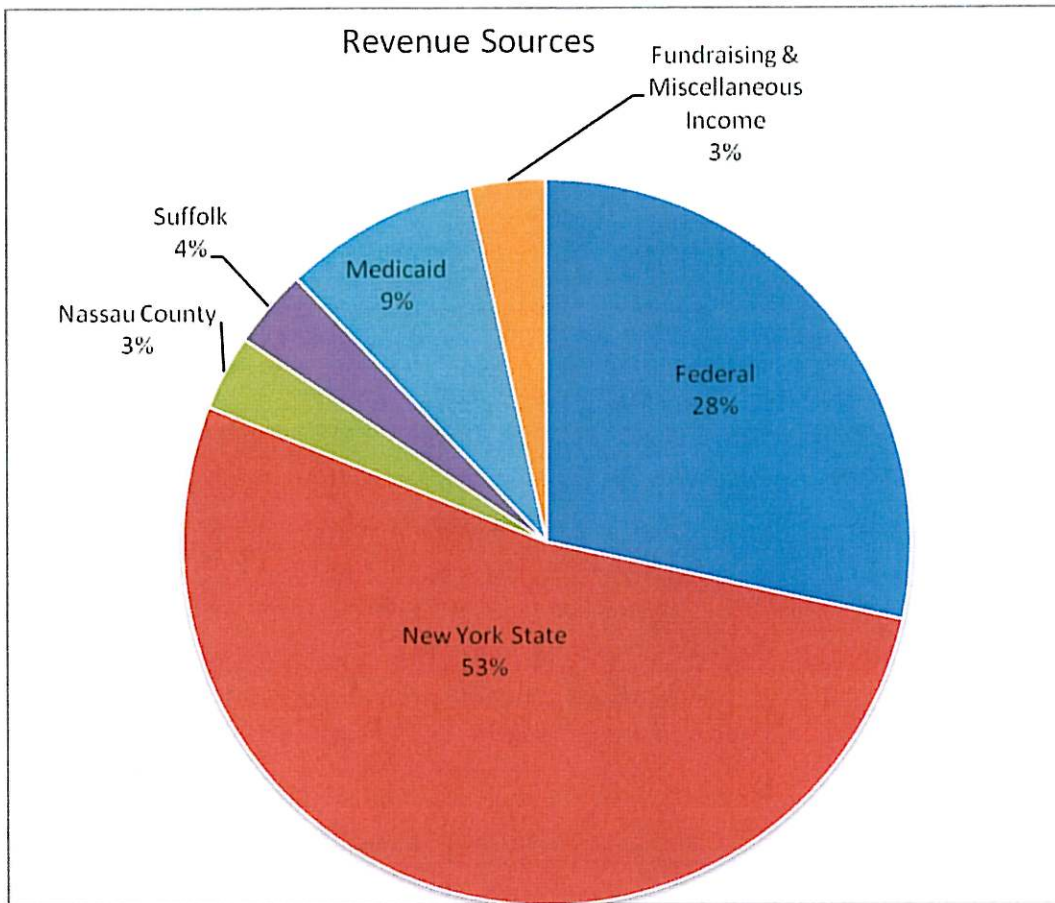
² Government Audit Standards (2003 Revision Performance Audit section 7.40) “if an audit is terminated before completed, auditors should communicate the reason for terminating it to management of the audited entity, ... preferably in writing.”

Government Audit Standards (2011 Revision section 6.50) “Determining whether and how to communicate the reason for terminating the audit to those charged with governance, appropriate officials of the audited entity or other appropriate officials will depend on the facts and circumstances and therefore, is a matter of professional judgment.”

Revenue reported on the Agency's Federal Tax Form 990 for 2009³ totaled \$5,671,431, of which \$4,990,566 was attributed to government grants/contracts. The balance of \$490,101 was attributed to Medicaid Services and \$190,764 to fund raising and other miscellaneous income and contributions.

As shown in Exhibit I, the Agency receives the majority of its support (81%) from NYS and the federal government. The two Counties' share of support is only 7%.

Exhibit I



According to LIAAC's financial statements, the Agency provides the following services:

- Case Management Services to ensure timely access to and coordination of medical and psychological support services;
- Preventive Education, which delivers primary and secondary education programs;

³ 2010 Federal Tax Form 990 was not filed at the time of the review, it was filed October 19, 2011 and made available November 2011.

- Program Services, such as HIV screening, legal advocacy, emergency financial assistance and a food pantry, which are accessed through a toll-free hotline; and
- An Outreach and Development Program which focuses on outreach to underserved communities to improve the quality of life for the maximum number of people in need on Long Island.

The County's contract between the Nassau County Department of Health and LIAAC was for HIV prevention, education, outreach and crisis intervention services to its residents. In 2010, the contract amount was \$190,767. LIAAC provided a toll-free hotline for County residents needing HIV information and/or services, case management for those who are infected, and outreach and education to the County's schools and community-based organizations. This contract was not renewed after April 2011. In 2010, LIAAC also had a \$50,000 contract with the County under a Mental Health New York State Grant for Substance Abuse Services.

Affiliated Organizations

According to LIAAC's Federal Tax Form 990's filed for 2009 and 2010, the Agency is affiliated with another not-for-profit organization known as the Long Island Network of Community Service ("LINCS"). According to LINCS' Federal Tax Form 990's filed for 2009 and 2010, LINCS is affiliated with another not-for-profit organization known as BiasHelp. LINCS provides services to enhance the programs of publicly supported health and human service organizations and BiasHelp provides services to prevent, monitor and lessen the effects of bias crimes, hate-related harassment, bullying and discrimination. The 2009 and 2010 Federal Tax Form 990's and/or Financial Statements indicate the following interlocking affiliations among LIAAC, LINCS and BiasHelp:

- Each organization shares the same Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The total compensation of the CEO and the CFO in 2009 was \$432,832 and \$141,315, respectively. The CEO was reported to work an aggregate of 70 hours per week for all three (3) agencies and the CFO was reported to work an aggregate of 53 hours per week for all three agencies combined. In 2010, the total compensation of the CEO and CFO was \$404,537 and \$166,218, respectively. The CEO was reported to work an aggregate of 80 hours per week for all three (3) agencies and the CFO was reported to work a total of 60 hours per week for all three agencies combined.
- In 2009 there were eleven board members for LIAAC and LINCS, and eight for BiasHelp including the CEO and the CFO of each. Excluding the CEO and CFO, three additional individuals were board members of all three agencies. Two individuals were board members of LINCS and BiasHelp and one individual was a board member of LIAAC and LINCS. (Schedules listing board members and officials by company for 2009 and 2010 respectively are attached as Appendix A and Appendix B.)

- LINCS is self-insured for medical and dental insurance. Both LIAAC and BiasHelp purchase group pension and medical benefits from LINCS. BiasHelp also purchases administrative and facility benefits from LINCS.
- The three organizations share the same address and LIAAC and BiasHelp have non-cancelable leases with LINCS.
- The three organizations' Form 990's and Financial Statements were prepared by the same accounting firm.

Scope, Objective and Methodology

The objective of the limited review was to determine if LIAAC was in compliance with the County contract and that County grant funds were being used and accounted for appropriately.

The audit scope was the 2009 and 2010 contract years and included a review of the Agency's contract and vouchers submitted to the County, its Federal Tax Form 990's for 2009 and 2010, and its Financial Statements for 2009 and 2010. Secondly, we intended to analyze the President/CEO's compensation as it related to Board procedures and work performed under the Nassau County contract.

Scope Limitations

Our standard practice is to meet with the Agency's management to obtain sufficient information to determine that the Board fulfills its fiduciary duty of adequate oversight of the Agency's programs and finances, review the internal controls over cash disbursements and select a sample of disbursements for testing. Based on the interviews and redacted information received from LIAAC, these audit steps were not possible.

LIAAC's contract with the County requires that the Agency's records be made available for audit and inspection by the County Comptroller⁴. Due to the Agency's lack of meaningful cooperation, the limited number of documents LIAAC was willing to provide, as well as the heavy redaction of the documents provided, the scope of our review was severely limited and precluded our ability to audit. The lack of transparency by LIAAC made a meaningful review impossible.

Furthermore, LIAAC was not forthcoming about its relationship with LINCS. Initially, LIAAC maintained that LINCS was merely LIAAC's landlord. However, the agencies' corporate relationship is interwoven, with LINCS providing fringe benefits to LIAAC employees under a County contract.

⁴ Contract for Services between Nassau County and LIAAC, Section 12 page 6.

Detail of Scope Limitations

Scope Limitation 1 – Inability to Review Board Program and Financial Oversight

In response to our request for the Agency to provide its 2009 and 2010 Board Minutes, the Agency initially claimed that the minutes were confidential and would not be provided. After debate, the Agency provided heavily redacted copies of only those minutes that LIAAC determined to be relevant to our review (see Appendix C). The redacted minutes do not allow us to determine if the Board is performing oversight of the agency's program and financial activities.

The Attorney General states that a primary responsibility of a Board of a not-for-profit agency is "to ensure that the organization is accountable for its programs and finances to its contributors, members, the public and government regulators."⁵ Evidence of the Board's role in an organization, including the level of fiscal oversight, involvement in the agency's internal control environment and the Board resolutions is found in the minutes of the Board meetings. In addition, the NYS Not-for-Profit Corporation Law qualifies Board minutes as records of the corporation.⁶

We were provided with redacted Board minutes from only 5 meetings during the 2 year period as follows:

- January 2009 and 2010 for the Budget review. The budget attachments that we were provided were redacted with the exception of revenue and expense totals which consisted of one half of a page and did not appear to be line-by-line budgets. (see Appendix C)
- April 2009 and 2010 for the presentation of the audited Financial Statements and the Form 990 Tax Return for each year.
- March 2010 for the Executive Committee meeting, which was noted as being "Privileged and Confidential." The topic of this meeting was the President/CEO's Employment Contract. The minutes indicate that the President/CEO was in attendance at this meeting and the Executive Committee approved the contract. Given the limitation in the minutes provided, including the redaction of portions of the Executive Committee Meeting Minutes and the failure to provide all Board minutes, we were unable to determine if the full Board was given the opportunity to approve the Employment Contract.

It should be noted that the Agency also provided agendas for the 2009 and 2010 Board/Advisory Committee Meetings. We noted that:

⁵ NYS Office of the Attorney General, Charities Bureau "Internal Controls and Financial Accountability for Not-for-Profit Boards" Section I Internal Controls.

⁶ N.Y. Not-for-Profit Corporation Law, §621 (a).

- ten meetings were listed as being scheduled for each year; six full Board meetings and four Advisory Committee meetings;
- the agendas for each year were exactly the same with the exception of the meeting dates;
- the annual agenda stated that dinner is served at all scheduled meetings at either 6:00 PM or 7:00 PM with meetings starting at either 6:30 PM or 7:15 PM;
- the meeting locations were not noted (they were also not noted in the Board minutes provided); and
- there was no agenda listed for the November/December meeting in either year.

Scope Limitation 2 – Lack of Transparency: Restricted Information

In order to formally inform the Board members of the County's review, we requested the addresses of the current Board members. We were informed that all correspondence was to go through the Agency's address. The lack of direct access to the Board, as well as the restricted access to the Board minutes, prevented us from determining whether the Board was ever made aware of our review.

Scope Limitation 3 – Failure to Allow Access to Personnel Files

We requested to review the personnel folders of the employees billed under the County's contract with LIAAC in order to determine that the employees were qualified for their positions. The Agency withheld the viewing of the actual personnel folders and determined what personnel information was to be made available. Copies of the information provided consisted solely of the employees' job description, resume, confidentiality statement and social security cards for a change in name due to marriage. One employee's December 2009 evaluation was also provided. The information provided was inadequate for the purpose of verifying that the employees paid under the County contract were qualified for their positions.

Review and Analysis of Revised 2009 LIAAC Form 990 Revealed Questionable and Inconsistent Data

The 2009 Federal Tax Form 990 filed by the Agency on May 21, 2010 indicated that LIAAC's CEO earned \$244,132 in salary and \$119,073 in other compensation, for a total of \$363,205. On April 25, 2011, County officials released a statement to the news media regarding the salary of LIAAC's President/CEO, calling it excessive for a not-for-profit organization. The Agency subsequently filed a revised Federal Tax Form 990 on July 10, 2011. Some of the revisions included:

- Increased weekly hours worked for the President/CEO, the CFO, the Chief Operating Officer (“COO”), and the Executive Vice President (“VP”) of Operations. The President/CEO and COO hours were increased from 35 hours per week to 45 hours per week for 2009. Hours worked by the CFO and Executive VP of Operations increased from 35 hours to 40 hours per week. See Appendix A for the supporting schedule. The 2008 Federal Tax Form 990 filed cites 35 hours worked weekly for all four employees, agreeing with the original 2009 Federal Tax Form 990 filed. We question these revisions, the causes of which were not explained on the supplemental information to the revised Federal Tax Form 990.
- We also noted that other compensation reported for the President/CEO, CFO and COO was revised, for each manager, to a lesser amount. A review of the 2008 Federal Tax Form 990 showed the 2009 revised “other compensation” amount was a 165% increase over the President/CEO’s 2008 “other compensation” amount; and in the case of the CFO, 78% over the CFO’s 2008 “other compensation” amount.
- The revised 2009 Federal Tax Form 990 states that the original President/CEO’s other compensation of \$119,073 included \$84,500 in insurance premiums for a Split Dollar Endorsement Arrangement paid by LIAAC. We requested a copy of this agreement and the December 31, 2009 statement showing the cash surrender value of the policy at that time. LIAAC failed to provide the requested documentation.
- One Board Officer/employee was reported on the original LIAAC Federal Tax Form 990 and omitted from the revised version. The original Federal Tax Form 990 showed that the individual worked 35 hours per week and earned \$92,724 in wages and \$24,504 in “other compensation” as Chief Program Officer. There was no Chief Program Officer listed on the revised Federal Tax Form 990. This individual was also originally noted as being an Officer on the Board.
- Both the original 2009 Federal Tax Form 990 and the 2008 Federal Tax Form 990 state “Compensation for CEO and key employees/top management is conducted by the President/CEO in conjunction with the Executive Committee.” The revised Federal Tax Form 990 states “Compensation for the CEO is conducted by the Executive Committee of the Board of Directors.” (i.e. “The CEO is not present during this meeting...”). However, the March 25, 2010 Executive Meeting minutes provided to us show the President/CEO in attendance. Since the Federal Tax Form 990 is not consistent with the minutes of the meeting which stated that the President/CEO was in attendance and the contract was unanimously approved (no vote count noted), we were unable to ascertain whether or not the President/CEO participates in setting her own salary as a member of the Board.

- The original Federal Tax Form 990 was signed by the President/CEO. The revised Federal Tax Form 990 was signed by the preparer; however, it was not signed by the President/CEO although her name and title were printed in the declaration section.

This inconsistent data, in conjunction with the lack of sufficient access to records provided to the County by LIAAC, made it impossible for our Office to thoroughly review and reach any conclusion with respect to the CEO's salary.

After the conclusion of our review, we received an unsolicited letter (see Appendix D) from Park Strategies, LLC, providing an explanation of the President/CEO's compensation, as well as a statement indicating that LIAAC "has fully cooperated with the audit by the Nassau County Comptroller's Office." While this letter was reviewed and the contents considered, it does not impact our recommendations.

Conclusions and Recommendations

This letter documents our inability to audit due to the following scope limitations:

- the interwoven relationships and dealings between and among the three agencies;
- the failure of LIAAC to provide requested documents; discrepancies noted in the Federal Tax Form 990's; and
- the lack of transparency exhibited by LIAAC.

We are recommending that Nassau County immediately cease doing any further business with LIAAC and refrain from entering into any future contracts with LIAAC. We will also refer this matter to the County Attorney for any potential legal recourse including a possible breach of contract action. Given the minimal (3%) funding the County provides to LIAAC, we recommend that NYS, which provides 81% of the Agency's state and federal funding, investigate whether LIAAC is using and accounting for the funds it receives from NYS, the federal government, the Counties and donors in accordance with the appropriate laws and that there has been no abuse as to how or to whom funds have been disbursed.

Sincerely,



JoAnn Greene
Director of Field Audit

JG: AS

cc: Hon. Edward P. Mangano, County Executive
Hon. Thomas DiNapoli, Comptroller, New York State
Hon. Eric Sneiderman, Attorney General, New York State
Margaret Becker, Deputy Comptroller, New York State
Hon. Kathleen M. Rice, District Attorney, Nassau County
John Ciampoli, County Attorney, Nassau County

APPENDIX A

SCHEDULE OF BOARD MEMBERS AND OFFICIALS OF LIAAC/LINCS/BIASHELP: 2009

NAME	POSITION	COMPANY	Original Form 990		Amended Form 990	
			WKLY HRS Col. B	SALARY Col. D+F	WKLY HRS Col. B	SALARY Col. D+F
Gail Barouh, PHD	President / CEO	LIAAC	35	\$ 363,205	45	\$ 269,632
Gail Barouh, PHD	CEO / Managing Director	LINCS	5	56,672	-	-
Gail Barouh, PHD	President / CEO	BIAS	20	106,528	-	-
Jeffrey Friedman	Executive VP of Operations	LIAAC	35	20,763	40	20,763
Jeffrey Friedman	Executive VP of Operations	LINCS	8	5,583	-	-
Catherine Hart	Chief Operating Officer	LIAAC	35	153,911	45	151,145
Deborah Kinzer	Chief Financial Officer	LIAAC	35	130,937	40	114,599
Deborah Kinzer	Chief Financial Officer	LINCS	8	15,558	-	-
Deborah Kinzer	Chief Financial Officer	BIAS	5	11,158	-	-
Jeffrey Reynolds	Chief Operating Officer	BIAS	40	31,313	-	-
Karen Ross	Chief Program Officer	LIAAC	35	117,228	-	-
Jason Ablove, Esq.	Board Member	LINCS	1	-	-	-
Donna T. Bacon, ED	Board Member	LIAAC	1	-	1	-
Richard S. Berman, MA	Board Member	LIAAC	1	-	1	-
Bernadette Brochard, RN	Board Member	LIAAC	1	-	1	-
Carole Burke, BA	Board Member	LINCS	1	-	-	-
Evelyn Danko	Board Member	LINCS	1	-	-	-
Evelyn Danko	Board Member	BIAS	1	-	-	-
Thomas J. Fabbriante	Board Member at Large	LIAAC	1	-	1	-
Thomas J. Fabbriante	Board Member	LINCS	1	-	-	-
Thomas J. Fabbriante	Secretary / Treasurer	BIAS	1	-	-	-
Adrian Fassett, MA	Board Co-Chair	LINCS	1	-	-	-
Adrian Fassett, MA	Board Co-Chair	BIAS	1	-	-	-
Gary Gumbs, BA, BS	Board Co-Chair	LIAAC	1	-	1	-
Gary Gumbs, BA, BS	Vice Chair	LINCS	1	-	-	-
Gary Gumbs, BA, BS	Board Member	BIAS	1	-	-	-
John Haigney, M. Div.	Board Co-Chair	LIAAC	1	-	1	-
John Haigney, M. Div.	Board Co-Chair	LINCS	1	-	-	-
Matthew Klotsche BS, JD	Board Member	BIAS	1	-	-	-
John R. Lewin, BA, MBA	Board Member	LIAAC	1	-	1	-
Lila Mester	Secretary	LIAAC	1	-	1	-
Lila Mester	Secretary	LINCS	1	-	-	-
Lila Mester	Board Co-Chair	BIAS	1	-	-	-
Matthew F. Napolitano	Board Member	LIAAC	1	-	1	-
Gillian Pantor-Norman	Board Member	LINCS	1	-	-	-
Edwin Velazquez, LMSW	Board Member	LIAAC	1	-	1	-

APPENDIX B

SCHEDULE OF BOARD MEMBERS AND OFFICIALS OF LIAAC/LINCS/BIASHELP: 2010

NAME	POSITION	COMPANY	Original Form 990	
			WKLY HRS Col. B	SALARY Cols. D,E,F
Gail Barouh, PHD	President / CEO	LIAAC	45	\$279,537
Gail Barouh, PHD	CEO / Managing Director	LINCS	30	125,000
Gail Barouh, PHD	CEO / Managing Director	BIAS	5	-
Catherine Hart	Chief Operating Officer	LIAAC	45	148,852
Deborah Kinzer	Chief Financial Officer	LIAAC	40	113,576
Deborah Kinzer	Chief Financial Officer	LINCS	10	26,321
Deborah Kinzer	Chief Financial Officer	BIAS	10	26,321
Jason Abelow, Esq.	Board Member	LINCS	1	-
Jason Abelow, Esq.	Board Member	BIAS	1	-
Donna T. Bacon, ED	Board Secretary	LIAAC	1	-
Richard S. Berman, MA	Board Member	LIAAC	1	-
Bernadette Brochard, RN	Board Member (thru 6/10)	LIAAC	1	-
Carole Burke, BA	Board Member	LINCS	1	-
Carole Burke, BA	Board Member	BIAS	1	-
Evelyn Danko	Board Member	LINCS	1	-
Evelyn Danko	Board Member	BIAS	1	-
Thomas J. Fabbriante	Board Member	LIAAC	1	-
Thomas J. Fabbriante	Board Member	LINCS	1	-
Thomas J. Fabbriante	Board Member	BIAS	1	-
Adrian Fassett, MA	Board Co-Chair	LINCS	1	-
Adrian Fassett, MA	Board Co-Chair	BIAS	1	-
Gary Gumbs, BA, BS	Board Co-Chair	LIAAC	1	-
Gary Gumbs, BA, BS	Vice Chair	LINCS	1	-
Gary Gumbs, BA, BS	Vice Chair	BIAS	1	-
John Haigney, M. Div.	Board Co-Chair	LIAAC	1	-
John Haigney, M. Div.	Board Co-Chair	LINCS	1	-
John Haigney, M. Div.	Board Co-Chair	BIAS	1	-
Shulamith Kane, MA	Board Member	LIAAC	1	-
John R. Lewin, BA, MBA	Board Member	LIAAC	1	-
Sophia Marshall, RN	Board Member	LIAAC	1	-
Lila Mester	Board Member (thru 6/10)	LIAAC	1	-
Lila Mester	Secretary	LINCS	1	-
Lila Mester	Secretary	BIAS	1	-
Matthew F. Napolitano	Board Member	LIAAC	1	-
Matthew F. Napolitano	Board Member	LINCS	1	-
Matthew F. Napolitano	Board Member	BIAS	1	-
Gillian Pantor-Norman	Board Member	LINCS	1	-
Gillian Pantor-Norman	Board Member	BIAS	1	-
Edwin Velazquez, LMSW	Board Member	LIAAC	1	-

LIAAC BOARD MINUTES

January 29, 2009

April 29, 2010

March 25, 2010

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**LIAAC
FULL BOARD MEETING
MINUTES**

January 29, 2009
60 Adams Avenue, Hauppauge, NY

Present:

Board: John Haigney, Board Co-Chair
Gary Gumbs, Board Co-Chair
Lila Mester, Secretary
Thomas J. Fabbriante, Board Member-at-Large
Richard Berman
John Lewin
Donna Bacon
Edwin Velazquez
Matthew Napolitano – via conference call
Gail Barouh, President/CEO

[REDACTED]

Staff: Deborah Kinzer, Executive Vice President/CFO
Carol Cutrone, Executive Assistant to the President/CEO

Proxy: Bernadette Brochard

Mr. Haigney opened the board meeting at 6:55 p.m.

1. Ratification of December 11, 2008 Board Meeting Minutes: A motion was made by Mr. Fabbriante, seconded by Mr. Lewin, to ratify the minutes of the December 11, 2008 LIAAC Full Board meeting. The minutes were ratified unanimously.

[REDACTED]

[REDACTED]

H.

3. 2009 Agency Budget

- A. Ms. Kinzer presented the 2009 LIAAC budget to the board (see attached).
 - a. Ms. Kinzer reviewed the revenue, including government grants, COBRA funding, donations, foundations, fundraising events, and affiliate grants.

[REDACTED]

- b. Ms. Kinzer reviewed the expenses, including personnel costs, fringe benefits, legal expenses, costs related to office space, supplies, subcontractor/consultant expenses, etc. as well at the excess revenue over expenses detailed on the 2009 budget.

[REDACTED]

- B. A motion to accept the 2009 budget was made by Mr. Gumbs and seconded by Ms. Bacon. The Board unanimously accepted the 2009 budget as presented.
- C. Dr. Barouh thanked Ms. Kinzer for the excellent job she did in preparing the budget, especially during these difficult economic times. Dr. Barouh also expressed her gratitude to Ms. Kinzer for the work she has done preparing for the audit.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

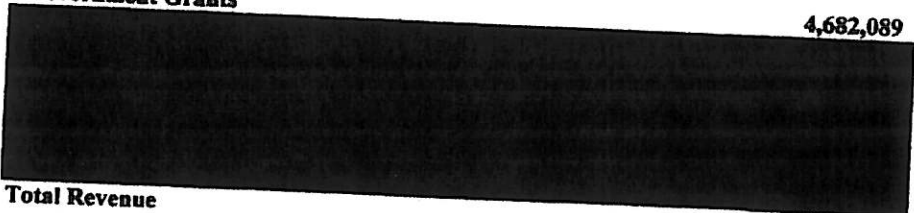
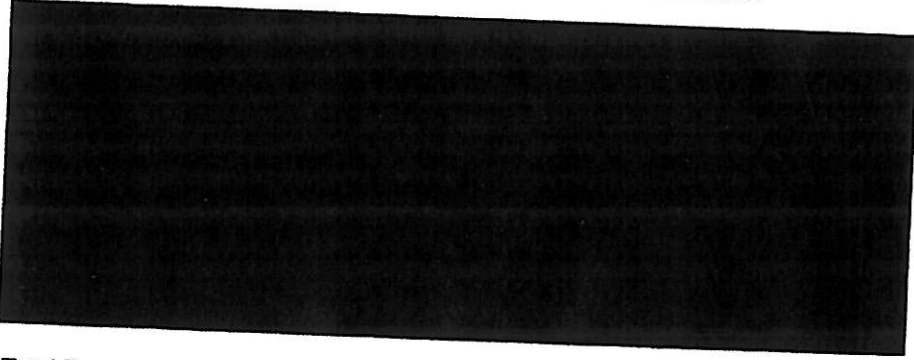
Mr. Haigney reminded the board that the next Advisory Committee Meeting will be held on Thursday, February 26, 2009.

The meeting adjourned at 8:05 p.m.

Respectfully submitted,

Carol M. Cutrone
Executive Assistant to the President/CEO

LONG ISLAND ASSOCIATION FOR AIDS CARE, INC.
PROJECTED GOV'T/AGENCY/DEVEL/RESTRICTED/BUDGETS
FOR THE YEAR ENDING DECEMBER 31, 2009

REVENUE	
*Government Grants	4,682,089
	
Total Revenue	<u>5,425,302</u>
EXPENSES	
	
Total Expenses	<u>5,414,408</u>
Excess Revenue	<u><u>10,894</u></u>

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**LIAAC
FULL BOARD MEETING
MINUTES**

April 29, 2010
60 Adams Avenue, Hauppauge, NY

Present:

Board: John Haigney, Board Co-Chair
Lila Mester, Secretary
Thomas J. Fabbriante, Board Member-at-Large
Richard Berman
John Lewin – via conference call
Bernadette Brochard
Donna Bacon
Edwin Velazquez
Matthew Napolitano – via conference call
Gail Barouh, President/CEO

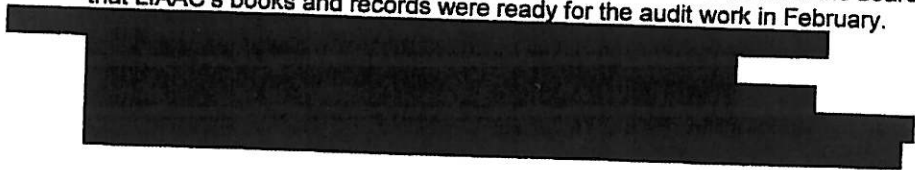
Staff: Deborah Kinzer, Executive Vice President/CFO
Carol Cutrone, Director to the President/CEO

Guests: Gil Bernhard, McGladrey & Pullen, LLP

Proxy: Gary Gumbs, Board Co-Chair

Mr. Haigney opened the board meeting at 7:40 p.m.

1. Ratification of January 28, 2010 Board Meeting Minutes:
A motion was made by Mr. Berman, seconded by Mr. Fabbriante, to ratify the minutes of the January 28, 2010 LIAAC Full Board meeting. The minutes were ratified unanimously.
2. 2009 Financial Statements:
 - A. Mr. Gil Bernhard of McGladrey & Pullen, Certified Public Accountants, introduced himself to the Board of Directors. Mr. Bernhard advised the board that LIAAC's books and records were ready for the audit work in February.



- [REDACTED]
- C. Mr. Bernhard explained the Summary of Accounting Estimates, including the process used for depreciation of property and equipment.
 - D. Mr. Bernhard reviewed Current Trends in the Not-for-Profit Industry. He spoke about the new IRS Form 990, increased scrutiny of 403B Pension Plans, IRS Payroll Audits, NYS Office of Medicaid Inspector General for COBRA program audit, and Healthcare Reform. Mr. Bernhard pointed out that effective 2014 there will be an increase in Medicaid eligibility, which may affect our clients. Mr. Bernhard explained that the Uniform Prudent Management Institutional Funds Act (UPMIFA) relates to endowments, which LIAAC does not have.
 - E. Copies of LIAAC's Financial Reports (see attached) were distributed to the board members. Mr. Bernhard reviewed the Independent Auditor's Report prepared for the LIAAC Board of Directors. He explained that the audit was conducted in accordance with auditing standards generally accepted in the U.S. Mr. Bernhard spoke about the Assets, Liabilities and Net Assets. Mr. Bernhard advised the Board that LIAAC is in a good financial position, with an increase in net assets. Mr. Bernhard stated that management did a good job of managing expenses even with cuts to revenue.

- [REDACTED]
- H. Mr. Bernhard explained that the Notes to Financial Statements contain required disclosures. He informed the Board that there are no new notes in the report.

J. [REDACTED]

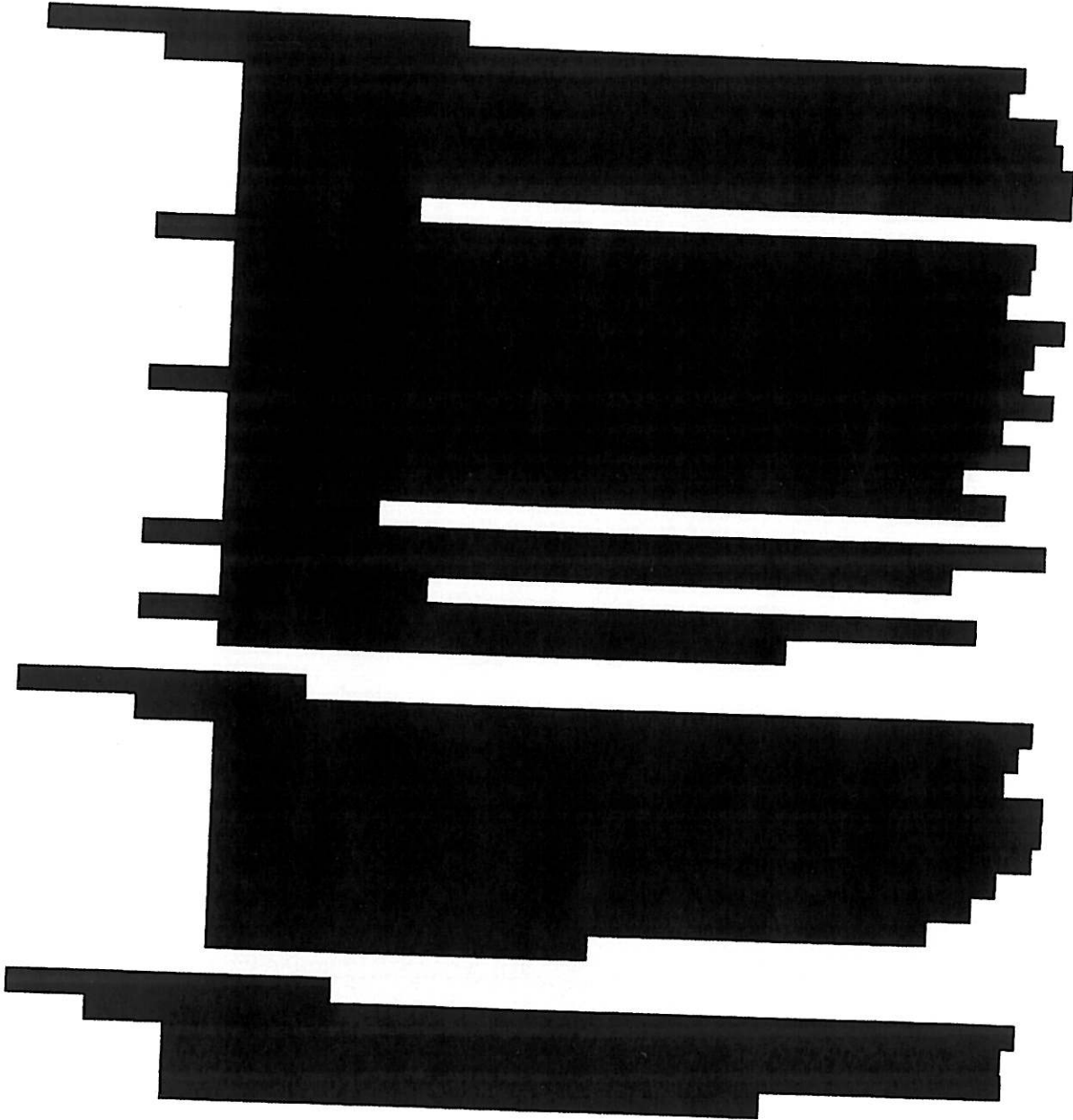
A motion was made by Mr. Velazquez, seconded by Ms. Bacon, to accept the 2009 Financial Statements for LIAAC. The motion was unanimously approved.

3. LIAAC Form 990 Tax Return :

- A. Mr. Bernhard reviewed the LIAAC 2009 Tax Returns (see attached). He spoke about the disclosures on policy and procedures and the information on governing boards.
- B. Mr. Bernhard stated that LIAAC has no problems meeting the 501(c) (3) requirements for a public charity.

A motion was made by Mr. Velazquez, seconded by Ms. Brochard, to accept the 2009 LIAAC Form 990 Tax Returns as presented. The motion was unanimously approved.

- C. Dr. Barouh and the Board of Directors thanked Mr. Bernhard for his presentation and for the cooperation of his staff in preparation of the audit. In addition, Ms. Kinzer was recognized for her hard work in preparing for the audit.



[REDACTED]

[REDACTED]

[REDACTED]

Respectfully submitted,

Carol M. Cutrone
Director to the President/CEO

COPY

**LIAAC
Executive Committee Meeting
MINUTES**

March 25, 2010
60 Adams Avenue

Privileged and Confidential

Present:

Board: John Haigney, Board Co-Chair
Gary Gumbs, Board Co-Chair
Lila Mester, Secretary
Thomas J. Fabbriante, BS, Board Member-at-Large
Gail Barouh, President/CEO

Mr. Haigney called the meeting to order at 7:30 p.m.



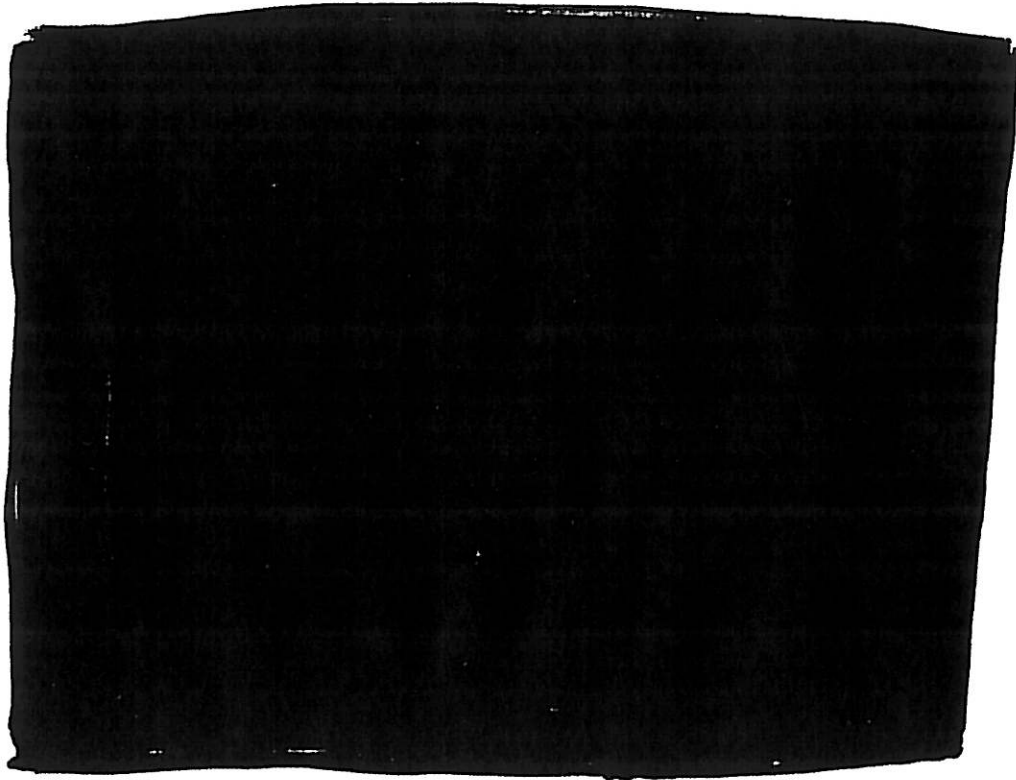
II. President/CEO Contract

- A. The Executive Committee was presented with the Employment Contract Addendum for the President/CEO (see attached).
As per the contract, every five years there is an Addendum for a cost of living schedule. The cost of living schedule in this Addendum is for July 2010- June 2015.

A discussion by Executive Committee members revolved around salaries for executive compensation needing to be more carefully scrutinized and discussed by the Executive Committee due to the nationwide recession and the New York State multi-billion dollar deficit. Mr. Gumbs spoke about all state workers salaries being frozen and possibly not receiving their contractual union raises. Ms. Mester discussed salary adjustments that were made at Touro Law School, which is a non-profit. The Executive Committee agreed that the July 1, 2010 – June 30, 2011 compensation for the President/CEO should be frozen at the 2009 salary. Modest increments were given through the subsequent four years, however, they will be

reviewed by the Executive Committee for an adjustment if the overall budget of LIAAC changes dramatically either up or down over the next year and a half.

A motion was made by Ms. Mester, seconded by Mr. Fabricante, to approve the Employment Contract Addendum for the President/CEO. The motion was unanimously approved.



The meeting was adjourned at 9:00p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Lita Mester", is written over a horizontal line.

Lita Mester
Board Secretary



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December 6, 2011

RECEIVED-FRONT OFFICE
11 DEC -8 PM 12: 37
NASSAU COUNTY
COMPTROLLER'S OFFICE

Mr. George Maragos, Comptroller
Nassau County Comptroller's Office
240 Old Country Road
Mineola, NY 11501

Dear Mr. Maragos:

I am writing to you as per our conversation several weeks ago.

LONG ISLAND ASSOCIATION FOR AIDS CARE, INC. (LIAAC)

- The LIAAC Board of Directors determines compensation of the President/CEO of LIAAC on the information below. Gail Barouh holds a PhD in Health Administration with 25 years of experience with an expectation of being available beyond normal business hours:
 - Salary (included in 2010 W2) - \$243,823
Economic Benefit of Split Dollar Life Insurance Policy Death Benefit – ps58 calculation (included in W-2) - \$6,683 (No other benefits are provided under the split dollar life insurance policy)
Total compensation \$250,506
 - Health Insurance premiums - \$9,636
 - Pension Contribution - \$19,394.12
- Compensation (base salary) for Top Executive Officer is determined by the Board of Directors from the 2010 Management Compensation Report for Not-for-Profit Organizations conducted by PRM Consulting Group, Inc., located in Washington DC. Based on the figures shown for the New York City geographic area and the number of employees, agency budget and years of experience, the salary for LIAAC's President/CEO is below the high (\$305.2) and median figures (\$263.8).

For the past six months, LIAAC has been audited for the funds they received from Nassau County for the calendar years 2009 and 2010. None of the funds from Nassau County paid any salary or benefits for any LIAAC executives, including, but not limited to the President/CEO.

- LIAAC has fully cooperated with the audit by the Nassau County Comptroller's Office, however, LIAAC is currently owed the following money from Nassau County.

10/01/10-12/31/10	\$ 14,836.59	OASAS pass through Nassau County
01/01/11-06/30/11	\$ 8,350.00	OASAS pass through Nassau County
01/01/11-04/30/11	\$ 63,589.00	2011 contract year
Total	\$ 86,775.59	

BIASHELP, Inc.

Emails received from the audit department of the Nassau County Comptroller's Office still reference BiasHELP, Inc as a related entity to LIAAC. BiasHELP, Inc. is a separate, unrelated 501 © (3) not-for-profit organization. Gail Barouh served on the Board of Directors of BiasHELP, Inc. as CEO/Managing Director from January 1, 2010 until May 2011. She did not receive any compensation from BiasHELP, Inc. in 2010 or 2011.

Long Island Office:
50 Charles Lindbergh Blvd., Suite 500 • Uniondale, NY 11553 USA
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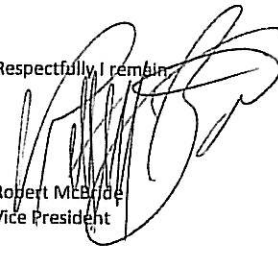
Headquarters:
101 Park Avenue, Suite 2506 • New York, NY 10178 USA
Tel: (212) 883-5608 • Fax: (212) 883-5643

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APPENDIX D

I hope this answers your questions as I am most concerned about the less fortunate people who are in need of services. Services can only be provided through proper funding. I appreciate your interest and concern in providing quality control in all county paid expenses, and thank you in advance for your consideration in this matter.

Respectfully, I remain



Robert McBride
Vice President

RM:gm