

**AID ATLANTA, INCORPORATED**

**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**and**  
**SUPPLEMENTARY INFORMATION**

**with**  
**INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

### Board of Directors AID Atlanta, Incorporated

### Report on the Financial Statements

We have audited the accompanying financial statements of AID Atlanta, Incorporated (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

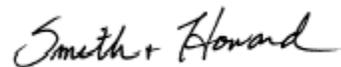
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AID Atlanta, Incorporated as of December 31, 2012 and 2011, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. This schedule along with the other supplementary information are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2013 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



May 23, 2013

**AID ATLANTA, INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2012 AND 2011**

**ASSETS**

	<u><b>2012</b></u>	<u><b>2011</b></u>
Current Assets		
Cash	\$ 1,504	\$ 82,743
Grants receivable	514,815	611,246
Pledges receivable, net	289,697	179,832
Other receivables	14,283	28,518
Prepaid expenses	35,879	20,260
Security deposits	23,823	22,323
Other assets	15,712	17,404
Total Current Assets	895,713	962,326
Property and Equipment, Net	50,765	96,583
Total Assets	\$ 946,478	\$ 1,058,909

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts payable	\$ 254,190	\$ 251,549
Accrual for compensated absences	84,210	101,155
Other accrued expenses	4,037	888
Deferred revenue	345,303	295,796
Current maturities of note payable	-	15,964
Total Current Liabilities	687,740	665,352
Deferred Rent	38,586	48,883
Net Assets (Deficit)		
Unrestricted		
Undesignated	(87,167)	138,241
Designated for AAOI	12,242	3,319
Total Unrestricted	(74,925)	141,560
Temporarily restricted	295,077	203,114
Total Net Assets	220,152	344,674
Total Liabilities and Net Assets	\$ 946,478	\$ 1,058,909

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

**AID ATLANTA, INCORPORATED**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2012**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR THE**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
Public Support and Revenue				
Public Support				
Foundation grants	\$ 65,228	\$ 303,439	\$ 368,667	\$ 250,811
Government grants	4,760,660	-	4,760,660	5,427,684
Medicaid reimbursements	52,308	-	52,308	35,910
Contributions and memorials	263,345	-	263,345	420,779
Special events, benefits, and fundraisers	146,342	-	146,342	229,666
AIDS Walk	1,175,882	-	1,175,882	1,179,017
In-kind donations	65,271	-	65,271	65,957
Total Public Support	<u>6,529,036</u>	<u>303,439</u>	<u>6,832,475</u>	<u>7,609,824</u>
Revenue				
Other revenue	16,692	-	16,692	27,659
Total Revenue	<u>16,692</u>	<u>-</u>	<u>16,692</u>	<u>27,659</u>
Total Public Support and Revenue	<u>6,545,728</u>	<u>303,439</u>	<u>6,849,167</u>	<u>7,637,483</u>
Net assets released from restrictions - satisfaction of program restrictions	211,476	(211,476)	-	-
Expenses				
Program services	6,008,593	-	6,008,593	6,671,217
Supporting services	965,096	-	965,096	943,936
Total Expenses	<u>6,973,689</u>	<u>-</u>	<u>6,973,689</u>	<u>7,615,153</u>
Change in Net Assets	(216,485)	91,963	(124,522)	22,330
Net Assets, Beginning of Year	141,560	203,114	344,674	322,344
Net Assets, End of Year	<u>\$ (74,925)</u>	<u>\$ 295,077</u>	<u>\$ 220,152</u>	<u>\$ 344,674</u>

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

**AID ATLANTA, INCORPORATED**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2012**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR THE**  
**YEAR ENDED DECEMBER 31, 2011**

	Program Services					Supporting Services				
	Client Services	Education	AAOI	AIDS Walk	Total Program Services	Development	Management and General	Total Supporting Services	2012	2011
Salaries	\$ 1,980,447	\$ 880,375	\$ -	\$ 176,016	\$ 3,036,838	\$ 147,930	\$ 392,048	\$ 539,978	\$ 3,576,816	\$ 3,897,168
Employee benefits	432,355	166,066	-	26,693	625,114	35,566	74,326	109,892	735,006	771,742
Total Compensation and Benefits	<u>2,412,802</u>	<u>1,046,441</u>	<u>-</u>	<u>202,709</u>	<u>3,661,952</u>	<u>183,496</u>	<u>466,374</u>	<u>649,870</u>	<u>4,311,822</u>	<u>4,668,910</u>
Advertising	-	8,501	12,085	22,643	43,229	7,973	252	8,225	51,454	82,929
Bad debt expense	18,344	3,390	-	100	21,834	17,377	-	17,377	39,211	1,593
Contractual services	611,468	34,233	24,276	198,637	868,614	52,967	23,059	76,026	944,640	991,090
Contributed goods and services	-	-	-	235,643	235,643	-	-	-	235,643	177,544
Depreciation	35,065	14,295	-	2,846	52,206	2,891	6,092	8,983	61,189	76,417
Dues and subscriptions	-	1,676	-	-	1,676	159	2,899	3,058	4,734	2,934
Emergency assistance	389,457	-	-	-	389,457	-	-	-	389,457	503,744
Equipment rental and maintenance	64,640	24,252	-	20,804	109,696	14,213	3,728	17,941	127,637	124,908
Insurance	11,793	4,808	-	957	17,558	972	2,049	3,021	20,579	20,165
Interest and bank charges	14,062	5,735	-	32,874	52,671	9,672	3,410	13,082	65,753	72,617
Meetings and conferences	30	2,424	500	1,227	4,181	747	684	1,431	5,612	16,190
Miscellaneous	2,319	832	2,832	715	6,698	1,736	3,801	5,537	12,235	17,514
Occupancy	89,411	73,833	-	9,168	172,412	7,535	10,814	18,349	190,761	181,680
Postage and shipping	3,479	871	44	1,650	6,044	1,566	1,093	2,659	8,703	11,026
Printing and newsletter	2,673	3,166	12,410	17,873	36,122	7,027	357	7,384	43,506	70,129
Production costs, AIDS Walk	-	-	-	87,097	87,097	-	-	-	87,097	94,668
Professional fees	14,470	5,899	-	1,174	21,543	1,193	3,014	4,207	25,750	24,001
Special events	13,737	27,574	-	-	41,311	108,025	229	108,254	149,565	165,846
Staff development and workshops	379	1,180	-	45	1,604	1,399	723	2,122	3,726	14,835
Supplies	23,895	87,848	8,465	5,926	126,134	2,999	5,688	8,687	134,821	212,646
Telephone	27,977	11,371	-	2,473	41,821	2,231	3,965	6,196	48,017	43,052
Travel	4,525	3,422	-	1,143	9,090	736	1,951	2,687	11,777	40,715
Total Functional Expenses	<u>\$ 3,740,526</u>	<u>\$ 1,361,751</u>	<u>\$ 60,612</u>	<u>\$ 845,704</u>	<u>\$ 6,008,593</u>	<u>\$ 424,914</u>	<u>\$ 540,182</u>	<u>\$ 965,096</u>	<u>\$ 6,973,689</u>	<u>\$ 7,615,153</u>

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

**AID ATLANTA, INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (124,522)	\$ 22,330
Adjustments to reconcile change in net assets to net cash required by operating activities		
Depreciation	61,189	76,417
Bad debt expense	39,211	1,593
Donated furniture	(11,405)	-
Increase (decrease) in cash due to changes in operating assets:		
Grants receivable	96,431	(200,654)
Pledges receivable	(149,076)	(65,615)
Other receivables	14,235	(15,326)
Prepaid expenses	(15,619)	(3,399)
Security deposits	(1,500)	-
Other assets	1,692	14,552
Increase (decrease) in cash due to changes in operating liabilities:		
Accounts payable	2,641	22,349
Accrual for compensated absences	(16,945)	(576)
Other accrued expenses	3,149	(4,612)
Deferred revenue	49,507	(11,476)
Deferred rent	(10,297)	(4,255)
Net Cash Required by Operating Activities	<u>(61,309)</u>	<u>(168,672)</u>
 Cash Flows from Investing Activities:		
Property and equipment additions	<u>(3,966)</u>	<u>(37,319)</u>
Net Cash Required by Investing Activities	<u>(3,966)</u>	<u>(37,319)</u>
 Cash Flows from Financing Activities:		
Principal payments on note payable	<u>(15,964)</u>	<u>(25,523)</u>
Net Cash Required by Financing Activities	<u>(15,964)</u>	<u>(25,523)</u>
 Net Decrease in Cash	(81,239)	(231,514)
 Cash, Beginning of Year	<u>82,743</u>	<u>314,257</u>
 Cash, End of Year	<u>\$ 1,504</u>	<u>\$ 82,743</u>
 <u>SUPPLEMENTAL DISCLOSURE CASH FLOW INFORMATION:</u>		
Cash paid during the year for interest	<u>\$ 13,154</u>	<u>\$ 10,940</u>

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

**AID ATLANTA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE 1 – SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS**

Organization

AID Atlanta, Incorporated (the “Organization”) was incorporated as a non-profit corporation under the laws of the State of Georgia in 1982. The Organization was founded as a grass-roots response to the devastating and fatal impact HIV and AIDS was having on the Atlanta community. The Organization provides HIV prevention education, HIV testing and counseling, medical case management, supportive services, and primary medical care to those most in need of services.

The Organization's financial statements have been prepared on the accrual basis whereby revenues are recognized when earned and expenses are recorded when incurred. The significant accounting policies followed by the Organization are described below.

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

The Organization’s net assets and revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions.

Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets whose use by the Organization is limited by donor-imposed stipulations that do not expire. The Organization has no net assets that can be classified as permanently restricted.

**AID ATLANTA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE 1 – SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)**

Basis of Presentation (Continued)

Revenues from sources other than contributions are reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate net asset category. Contributions of assets other than cash and cash equivalents are recorded at their estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions. An allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions recognized on net assets are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

Fair Value of Financial Instruments

The carrying value of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short maturity of these financial instruments. Investments and notes payable approximate their respective fair values.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at approximate fair value at the date of donation. The Organization capitalizes property and equipment if its value is greater than \$500 and its useful life is more than one year. Leasehold improvements are amortized over the shorter of the lease term or the useful life of the asset. Depreciation is computed using the straight-line method over the-estimated useful lives of the assets as follows:

Furniture and equipment	3 – 7 years
Leasehold improvements	7 years

**AID ATLANTA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE 1 – SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)**

Deferred Rent Obligations

Rent expense for operating leases that contain scheduled rent increases, net of any landlord allowances, is recognized for financial reporting purposes on the straight-line method. Consequently, amounts that have been expensed for financial reporting purposes, but not yet paid, are reflected as deferred rent obligations in the accompanying statement of financial position.

Deferred Revenue

Deferred revenue consists of grants paid in advance related to future periods. Deferred revenues are recognized in the periods to which they apply, generally within three months of the end of the fiscal year.

Donated Materials, Equipment and Services

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks to assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected in the financial statements for donated services.

Functional Expense Allocation

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

**AID ATLANTA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE 1 – SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)**

Income Taxes

The Organization is a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include federal and state income taxes from the Organization's activities.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification.

In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for tax years ending before December 31, 2009.

Management Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

Financial Information for 2011

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

**AID ATLANTA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE 2 – PLEDGES RECEIVABLE**

Unconditional promises to give, less an allowance for uncollectible accounts, are recognized as revenue and as assets in the period received. The allowance is based on prior years' experience and management's analysis. Pledges receivable consist of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Pledges receivables due in less than one year	\$ 294,936	\$ 187,534
Less: allowance for uncollectible accounts	<u>(5,239)</u>	<u>(7,702)</u>
	<u>\$ 289,697</u>	<u>\$ 179,832</u>

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 462,633	\$ 447,261
Leasehold improvements	187,769	187,769
Artwork	<u>12,800</u>	<u>12,800</u>
	663,202	647,830
Less accumulated depreciation	<u>(612,437)</u>	<u>(551,247)</u>
	<u>\$ 50,765</u>	<u>\$ 96,583</u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$61,189 and \$76,417, respectively.

**NOTE 4 – LINE OF CREDIT**

During 2012, the Organization renewed its revolving line of credit agreement with a financial institution for \$750,000. The line of credit is secured by certain business assets and pledges receivable and bears interest at Prime plus 1.50% with a minimum of 5% (an effective rate of 5% at December 31, 2012). The line of credit matures in August 2013. There were no outstanding borrowings at December 31, 2012 or 2011.

**NOTE 5 – NOTE PAYABLE**

The Organization had a promissory note to a financial institution dated July 31, 2006. Payments were made in monthly installments of principal and interest of \$2,328 through July 2012. The promissory note was paid in full during 2012.

**AID ATLANTA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS AND RELEASES**

Temporarily restricted net assets at December 31 are available for:

	<u>2012</u>	<u>2011</u>
Client services	\$ 112,815	\$ 117,764
Education	<u>182,262</u>	<u>85,350</u>
	<u>\$ 295,077</u>	<u>\$ 203,114</u>

Net assets released from restrictions during the years ended December 31 are detailed as follows:

	<u>2012</u>	<u>2011</u>
Client services	\$ 135,761	\$ 144,509
Education	<u>75,715</u>	<u>70,751</u>
	<u>\$ 211,476</u>	<u>\$ 215,260</u>

**NOTE 7 – EMPLOYEE BENEFITS PLAN**

The Organization maintains a 401(k) plan for full-time employees. All full-time employees over age 21 are eligible for the plan after one year of full-time employment and may contribute up to a specified percentage of their salary to the plan. The Organization may make discretionary contributions to the plan. The Organization contributed \$14,137 and \$13,751 to the plan during the years ended December 31, 2012 and 2011, respectively.

**NOTE 8 – AIDS WALK**

Annually, the Organization sponsors an AIDS Walk, which provides educational and AIDS awareness services to the greater Atlanta community. Revenues and expenses, which include in-kind values of \$235,643 and \$177,544 in 2012 and 2011, respectively, are as follows for years ended December 31:

	<u>2012</u>	<u>2011</u>
Revenues	\$ 1,175,882	\$ 1,179,017
Less: grants to other agencies	(170,141)	(154,775)
Less: other expenses	<u>(675,563)</u>	<u>(661,889)</u>
	<u>\$ 330,178</u>	<u>\$ 362,353</u>

**AID ATLANTA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Grants often require the fulfillment of certain conditions as set forth in the related instruments. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of the funds is a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the grants the Organization has agreed to comply with provisions thereof.

**NOTE 10 – OPERATING LEASE OBLIGATIONS**

The Organization leases equipment and facilities for office space and parking under non-cancellable operating leases. Future minimum lease payments are as follows for years ending December 31:

2013	\$ 334,644
2014	327,080
2015	<u>133,794</u>
	<u>\$ 795,518</u>

Total expense for the years ended December 31, 2012 and 2011 was \$346,999 and \$333,413, respectively.

**NOTE 11 – CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts at financial institutions. At times, cash balances exceed federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

The Organization depends heavily on contributions and grants for its revenue. The ability of certain of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Organization's Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors. During 2012 and 2011, the Organization received 70% and 80%, respectively, of its funding from government grants.

**AID ATLANTA, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE 12 – FISCAL AGENT**

During 2009, AID Atlanta, Inc. was designated as the fiscal support agency by Fulton County for the African American Outreach Initiative ("AAOI"). AAOI is a program of the Fulton County Ryan White Program governed and operated by a volunteer planning committee with oversight and support provided by designated Ryan White Program staff. Activities consist primarily of an annual educational forum for African Americans and others living with HIV in the Atlanta Eligible Metropolitan Area. Net asset activity related to AAOI is as follows for years ended December 31:

	<u>2012</u>	<u>2011</u>
AAOI net assets, beginning of year	\$ 3,319	\$ 12,622
Revenues	69,535	66,724
Expenses	<u>(60,612)</u>	<u>(76,027)</u>
AAOI net assets, end of year	<u>\$ 12,242</u>	<u>\$ 3,319</u>

**NOTE 13 – LIQUIDITY AND MANAGEMENT PLANS**

During 2012, the Organization experienced a total decrease in net assets of \$124,552. This decrease reduced the total net assets to \$220,152 at December 31, 2012 and contributed to an unrestricted deficit of \$74,925 during the year ended December 31, 2012. In addition to its government grant funding, the Organization is dependent on other public support and its line of credit with a financial institution to fund its operations. As indicated in Note 4, the line of credit matures in August 2013 and is up for renewal at that time. Prior to December 31, 2012, the Organization created and implemented plans to increase the Organization's net assets by December 31, 2013. Management and the board of directors are aggressively pursuing new funding sources, including the renewal of the line of credit.

## **SUPPLEMENTARY INFORMATION**

**AID ATLANTA, INCORPORATED**  
**REPORTS AND OTHER SCHEDULES AND INFORMATION**  
**AS REQUIRED BY OMB CIRCULAR A-133**  
**YEAR ENDED DECEMBER 31, 2012**

**AID ATLANTA, INCORPORATED**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Fulton-Dekalb Hospital Authority d/b/a Grady Health System Pediatrics Case Management	AA01005-01	93.153	\$ 132,773
Passed through Fulton County, Georgia Ryan White Title I - Supplemental	118 10SC74016B-TR	93.914	809,275
Ryan White Title I - Supplemental	10SC845368-BR-2	93.914	1,384,977
Ryan White AAOI	118-13SC86778B	93.914	26,702
Ryan White AAOI	118-10SC75406GS	93.914	<u>20,158</u>
			2,241,112
Passed through the Health Resources and Services Administration (HRSA) Special Projects of National Significance	H97HA085536-01-01	93.928	141,896
Passed through the Centers for Disease Control and Prevention HIV Prevention Program for Young African American Men Who Have Sex With Men	5 U22 PS000475-05	93.939	274,685
HIV Prevention Program for Young African American Men Who Have Sex With Men	5 U65 PS003443-02	93.939	88,177
Human Immunodeficiency Virus (HIV) Prevention Projects for CBO	3 U65 PS 423931-05W1	93.943 *	339,123
Empowerment	5 U65 PS002071-03	93.118	<u>135,709</u>
			837,694
Passed through the Georgia Department of Human Resources Information Line	40500-044-12100303	93.940	150,000
HIV Prevention Grants Program	SPH201185G	93.941	155,203
SAMSHA (DPH)	40500-044-12120776	93.243	39,925
Case Management	40500-044-13110264	93.917 *	<u>380,985</u>
			726,113
Passed through the Georgia Department of Community Health Project Stronger Together	10051G	93.940	-
T.E.S.T. GA	PH201152G	93.940	<u>21,460</u>
			21,460
Passed through Emory University MTI I	200-2011-41819	N/A	73,194
MTI II	200-2011-41819	N/A	17,594
Couple Volunteer Counseling and Testing	S637768	93.242	2,543
Involvement	S429165	93.242	<u>8,358</u>
			101,689
Total U.S. Department of Health and Human Services			4,202,737
<u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Atlanta, Georgia Housing Opportunities for Persons with AIDS Program	427-93-09060184-03	14.241 *	360,380
Housing Opportunities for Persons with AIDS Program	250131963/250132042	14.241 *	<u>186,095</u>
			546,475
Total U.S. Department of Housing and Urban Development			<u>546,475</u>
Total Federal Expenditures			<u>\$ 4,749,212</u>

\* Indicates a major program tested.

**AID ATLANTA, INCORPORATED**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 – GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial awards programs received by the Organization. All federal awards received directly from federal agencies, and federal awards passed through other government agencies, are included on the schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to the financial statements.

**NOTE 3 – SINGLE AUDIT PERIOD**

The accompanying schedule of expenditures of federal awards presents disbursements of the Organization's programs for the year ended December 31, 2012.

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

### **Board of Directors of AID Atlanta, Incorporated**

We have audited, in accordance with the 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, the financial statements of AID Atlanta, Incorporated (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

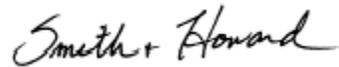
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Smith + Howard".

May 23, 2013

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### Board of Directors of AID Atlanta, Incorporated

### Report on Compliance for Each Major Federal Program

We have audited, in accordance with the 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, the financial statements of AID Atlanta, Incorporated (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2013.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the Organization'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

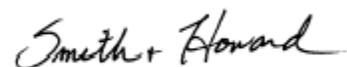
## **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



May 23, 2013

**AID ATLANTA, INCORPORATED  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

Section I – Summary of Auditors’ Results

Financial Statements

The type of auditors’ report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiencies identified that are 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
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditors’ report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No

Identification of major programs:

- CFDA No. 14.241, Housing Opportunities for Persons with AIDS Program
- CFDA No. 93.917, Case Management
- CFDA No. 93.943, Human Immunodeficiency Virus (HIV) Prevention Projects for CBO's

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as a low-risk auditee? Yes

**AID ATLANTA, INCORPORATED**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2012**

Section II – Financial Statement Findings

None

Section III – Major Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings and Questioned Costs

None

**AID ATLANTA, INCORPORATED  
SCHEDULE OF STATE AWARDS EXPENDED  
YEAR ENDED DECEMBER 31, 2012**

	<u>Contract Number</u>	<u>Revenues</u>	<u>Receivable</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Georgia Department of Human Resources			
Information Line	41900-044-10100303	\$ 150,000	\$ 24,392
HIV Prevention Grants Program	427-93-09091184-01	155,203	38,114
SAMSHA	40500-044-12120776	39,925	2,269
Case Management	40500-044-13110264	380,985	69,710
		<u>\$ 726,113</u>	<u>\$ 134,485</u>