

AID ATLANTA, INCORPORATED

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
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, 2016 and 2015, 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, 2016 and 2015, 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.

Emphasis of a Matter

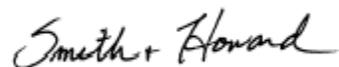
As discussed in Notes 1, 4, 5 and 12, the Organization has significant transactions with AIDS Healthcare Foundation (“AHF”) and is dependent upon AHF to help fund operations until the Organization generates sufficient public support and revenue to fully fund operations and obligations.

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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule is 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 April 4, 2017 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.



April 4, 2017

AID ATLANTA, INCORPORATED
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets		
Cash	\$ 322,290	\$ 151,311
Grants receivable	1,777,920	1,267,040
Pledges receivable, net	77,071	17,348
Other receivables	1,436	12,212
Prepaid expenses	47,511	42,551
Other assets	15,000	13,560
Total Current Assets	<u>2,241,228</u>	<u>1,504,022</u>
Property and Equipment, Net	<u>764,880</u>	<u>737,837</u>
Total Assets	<u>\$ 3,006,108</u>	<u>\$ 2,241,859</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Current Liabilities		
Accounts payable and accrued expenses	\$ 433,603	\$ 156,487
Accrual for compensated absences	117,404	80,165
Deferred revenue	-	639,983
Current maturities of notes payable	-	65,955
Total Current Liabilities	<u>551,007</u>	<u>942,590</u>
Long-Term Liabilities		
Notes payable, net of current maturities	-	47,985
Payable to AIDS Healthcare Foundation	3,512,705	1,224,000
Deferred rent	59,269	50,257
	<u>3,571,974</u>	<u>1,322,242</u>
Net Assets (Deficit)		
Unrestricted	(1,271,957)	(334,002)
Temporarily restricted	155,084	311,029
Total Net Assets (Deficit)	<u>(1,116,873)</u>	<u>(22,973)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 3,006,108</u>	<u>\$ 2,241,859</u>

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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Public Support			
Foundation grants	\$ 40	\$ 28,029	\$ 28,069
Funding from AHF	1,069,173	-	1,069,173
Government grants	7,563,222	-	7,563,222
Insurance reimbursements	109,163	-	109,163
Contributions and memorials	131,502	-	131,502
AIDS Walk, including in-kind donations	884,571	-	884,571
Total Public Support	<u>9,757,671</u>	<u>28,029</u>	<u>9,785,700</u>
Revenues and Gains			
Other revenue	<u>65,152</u>	-	<u>65,152</u>
Total Revenue and Gains	<u>65,152</u>	-	<u>65,152</u>
Total Public Support and Revenue	<u>9,822,823</u>	<u>28,029</u>	<u>9,850,852</u>
Net assets released from restrictions - satisfaction of program restrictions	183,974	(183,974)	-
Expenses			
Program services	9,974,270	-	9,974,270
Supporting services	<u>970,482</u>	-	<u>970,482</u>
Total Expenses	<u>10,944,752</u>	-	<u>10,944,752</u>
Change in Net Assets	(937,955)	(155,945)	(1,093,900)
Net Assets (Deficit), Beginning of Year	<u>(334,002)</u>	<u>311,029</u>	<u>(22,973)</u>
Net Assets (Deficit), End of Year	<u>\$ (1,271,957)</u>	<u>\$ 155,084</u>	<u>\$ (1,116,873)</u>

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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenue			
Public Support			
Foundation grants	\$ 47,680	\$ 152,100	\$ 199,780
Funding from AHF	1,170,000	-	1,170,000
Government grants	6,141,588	-	6,141,588
Insurance reimbursements	21,232	-	21,232
Contributions and memorials	87,104	-	87,104
Special events, benefits, and fundraisers	25,890	-	25,890
AIDS Walk, including in-kind donations	891,677	-	891,677
Total Public Support	<u>8,385,171</u>	<u>152,100</u>	<u>8,537,271</u>
Revenues and Gains			
Other revenue	147,486	-	147,486
Gain on debt extinguishment, net (Note 4 and 5)	846,254	-	846,254
Total Revenue and Gains	<u>993,740</u>	<u>-</u>	<u>993,740</u>
Total Public Support, Revenue and Gains	<u>9,378,911</u>	<u>152,100</u>	<u>9,531,011</u>
Net assets released from restrictions - satisfaction of program restrictions	203,313	(203,313)	-
Expenses			
Program services	7,720,186	-	7,720,186
Supporting services	1,308,812	-	1,308,812
Total Expenses	<u>9,028,998</u>	<u>-</u>	<u>9,028,998</u>
Change in Net Assets	553,226	(51,213)	502,013
Net Assets (Deficit), Beginning of Year	<u>(887,228)</u>	<u>362,242</u>	<u>(524,986)</u>
Net Assets (Deficit), End of Year	<u>\$ (334,002)</u>	<u>\$ 311,029</u>	<u>\$ (22,973)</u>

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

AID ATLANTA, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services					Supporting Services			
	Client Services	Education	Health Center	AIDS Walk	Total Program Services	Development	Management and General	Total Supporting Services	2016
Salaries	\$ 2,057,062	\$ 490,635	\$ 987,183	\$ 140,192	\$ 3,675,072	\$ 53,611	\$ 326,360	\$ 379,971	\$ 4,055,043
Employee benefits	696,151	160,360	235,626	29,849	1,121,986	24,713	96,056	120,769	1,242,755
Total Compensation and Benefits	<u>2,753,213</u>	<u>650,995</u>	<u>1,222,809</u>	<u>170,041</u>	<u>4,797,058</u>	<u>78,324</u>	<u>422,416</u>	<u>500,740</u>	<u>5,297,798</u>
Advertising	-	2,841	-	19,175	22,016	860	-	860	22,876
Contract Services	230,709	373,068	85,216	67,331	756,324	-	226,048	226,048	982,372
Contributed Goods and Service	-	-	-	262,723	262,723	-	-	-	262,723
Depreciation	87,267	36,070	52,770	6,890	182,997	4,560	28,193	32,753	215,750
Direct Expenses	-	-	1,049,848	-	1,049,848	-	-	-	1,049,848
Dues & Subscriptions	-	320	939	250	1,509	80	299	379	1,888
Emergency Assistance	1,890,916	-	-	-	1,890,916	-	-	-	1,890,916
Equipment Rental & Maintenance	22,286	13,727	92,445	20,739	149,197	24,981	22,094	47,075	196,272
Insurance	5,979	2,634	3,661	650	12,924	443	1,631	2,074	14,998
Interest and Bank Charges	12,527	4,265	7,916	13,635	38,343	758	4,177	4,935	43,278
Meetings & Conference	918	4,020	4,254	793	9,985	38	-	38	10,023
Miscellaneous	238	4,826	11,577	-	16,641	432	55,809	56,241	72,882
Occupancy	98,048	31,696	112,315	15,643	257,702	5,578	35,931	41,509	299,211
Postage & Shipping	7,770	1,093	602	269	9,734	194	1,446	1,640	11,374
Printing & Newsletter	1,372	2,087	120	2,168	5,747	1,758	139	1,897	7,644
Production Costs, AIDS Walk	-	-	-	97,481	97,481	-	-	-	97,481
Professional Fees	32,750	11,490	9,255	2,834	56,329	2,042	18,919	20,961	77,290
Special Events	1,825	47,682	-	-	49,507	3,533	300	3,833	53,340
Staff Development & Workshops	17,500	31	-	-	17,531	748	7,505	8,253	25,784
Supplies	17,937	59,344	129,707	732	207,720	153	4,919	5,072	212,792
Telephone	38,402	12,839	13,559	3,964	68,764	2,278	12,432	14,710	83,474
Travel	4,472	2,576	3,825	2,401	13,274	1,068	396	1,464	14,738
Total Functional Expenses	<u>\$ 5,224,129</u>	<u>\$ 1,261,604</u>	<u>\$ 2,800,818</u>	<u>\$ 687,719</u>	<u>\$ 9,974,270</u>	<u>\$ 127,828</u>	<u>\$ 842,654</u>	<u>\$ 970,482</u>	<u>\$ 10,944,752</u>

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

AID ATLANTA, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services				Supporting Services				2015
	Client Services	Education	Health Center	AIDS Walk	Total Program Services	Development	Management and General	Total Supporting Services	
Salaries	\$ 1,593,251	\$ 732,034	\$ 1,002,456	\$ 215,304	\$ 3,543,045	\$ 301,426	\$ 461,612	\$ 763,038	\$ 4,306,083
Employee benefits	305,115	140,188	195,191	41,232	681,726	57,724	85,185	142,909	824,635
Total Compensation and Benefits	<u>1,898,366</u>	<u>872,222</u>	<u>1,197,647</u>	<u>256,536</u>	<u>4,224,771</u>	<u>359,150</u>	<u>546,797</u>	<u>905,947</u>	<u>5,130,718</u>
Advertising	-	6,528	3,465	26,974	36,967	1,185	1,356	2,541	39,508
Contractual services	57,892	81,605	244,407	90,208	474,112	15,250	52,363	67,613	541,725
Contributed goods and services	-	-	-	268,355	268,355	-	-	-	268,355
Depreciation	109,232	35,677	24,080	4,585	173,574	5,802	26,165	31,967	205,541
Direct expenses	-	573	397,882	-	398,455	-	-	-	398,455
Dues and subscriptions	-	91	44,021	250	44,362	394	804	1,198	45,560
Emergency assistance	1,297,886	-	-	-	1,297,886	-	-	-	1,297,886
Equipment rental and maintenance	28,926	11,673	105,014	6,767	152,380	6,531	28,097	34,628	187,008
Insurance	12,571	4,401	3,645	1,080	21,697	793	3,274	4,067	25,764
Interest and bank charges	26,077	9,337	11,098	13,078	59,590	4,630	19,296	23,926	83,516
Meetings and conferences	598	1,893	106	1,222	3,819	90	4,220	4,310	8,129
Miscellaneous	7,720	3,312	1,634	606	13,272	405	78,336	78,741	92,013
Occupancy	102,408	47,052	66,427	13,839	229,726	19,375	27,678	47,053	276,779
Postage and shipping	3,364	671	449	886	5,370	248	2,823	3,071	8,441
Printing and newsletter	1,777	4,332	-	3,551	9,660	247	235	482	10,142
Production costs, AIDS Walk	-	-	-	82,382	82,382	-	-	-	82,382
Professional fees	34,332	11,729	9,061	2,886	58,008	1,434	41,279	42,713	100,721
Special events	2,119	13,262	-	-	15,381	6,706	300	7,006	22,387
Staff development and workshops	2,580	42	100	-	2,722	6,120	7,620	13,740	16,462
Supplies	13,612	54,738	7,721	843	76,914	386	2,434	2,820	79,734
Telephone	30,742	14,191	12,999	4,419	62,351	2,912	21,814	24,726	87,077
Travel	1,975	5,119	162	1,176	8,432	235	12,028	12,263	20,695
Total Functional Expenses	<u>\$ 3,632,177</u>	<u>\$ 1,178,448</u>	<u>\$ 2,129,918</u>	<u>\$ 779,643</u>	<u>\$ 7,720,186</u>	<u>\$ 431,893</u>	<u>\$ 876,919</u>	<u>\$ 1,308,812</u>	<u>\$ 9,028,998</u>

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

AID ATLANTA, INCORPORATED
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (1,093,900)	\$ 502,013
Adjustments to reconcile change in net assets to net cash required by operating activities		
Depreciation	215,750	205,541
Bad debt expense	21,787	217,413
Gain on debt extinguishment, net	-	(846,254)
Change in cash due to (increase) decrease in operating assets:		
Grants receivable	(510,880)	(533,352)
Pledges receivable	(81,510)	(97,166)
Other receivables	10,776	106,955
Prepaid expenses	(4,960)	91,456
Security deposits	-	31,113
Other assets	(1,440)	902
Change in cash due to increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	277,116	(150,357)
Accrual for compensated absences	37,239	(40,737)
Deferred revenue	(639,983)	56,637
Deferred rent	9,012	19,929
Net Cash Required by Operating Activities	<u>(1,760,993)</u>	<u>(435,907)</u>
Cash Flows from Investing Activities:		
Property and equipment additions	<u>(242,793)</u>	<u>(7,656)</u>
Net Cash Required by Investing Activities	<u>(242,793)</u>	<u>(7,656)</u>
Cash Flows from Financing Activities:		
Payments on line of credit, net	-	(283,105)
Principal payments on notes payable	(113,940)	(346,021)
Advances from AHF	<u>2,288,705</u>	<u>1,224,000</u>
Net Cash Provided by Financing Activities	<u>2,174,765</u>	<u>594,874</u>
Net Increase in Cash	170,979	151,311
Cash, Beginning of Year	<u>151,311</u>	<u>-</u>
Cash, End of Year	<u>\$ 322,290</u>	<u>\$ 151,311</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 45,398</u>

During 2015, the Organization exchanged \$176,541 in capitalized assets in lieu of debt repayments.

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

AID ATLANTA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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.

During 2015, the Organization reorganized by amending its Articles of Incorporation to reduce the size of the Board from 22 to 3 members, who are selected solely by AIDS Healthcare Foundation (“AHF”). AHF is also providing support for the Organization and provided funds for paying off the line of credit as discussed in Note 4 and certain notes payable as discussed in Note 5.

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.

AID ATLANTA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

Basis of Presentation (Continued)

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.

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. 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. 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	5 – 7 years

AID ATLANTA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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 received in-kind donations associated with the AIDS Walk of \$262,911 and \$268,355 during the years ended December 31, 2016 and 2015, respectively.

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 services donated by individual volunteer.

AID ATLANTA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

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.

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, 2013.

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.

AID ATLANTA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 – PLEDGES RECEIVABLE

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

	<u>2016</u>	<u>2015</u>
Pledges receivables due in less than one year	\$ 77,071	\$ 33,612
Less: allowance for uncollectible accounts	<u>-</u>	<u>(16,264)</u>
	<u>\$ 77,071</u>	<u>\$ 17,348</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 1,510,813	\$ 1,302,140
Leasehold improvements	366,629	366,629
Artwork	<u>12,800</u>	<u>12,800</u>
	1,890,242	1,681,569
Less accumulated depreciation	<u>(1,159,482)</u>	<u>(943,732)</u>
	730,760	737,837
Construction in progress	<u>34,120</u>	<u>-</u>
	<u>\$ 764,880</u>	<u>\$ 737,837</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$215,750 and \$205,541, respectively.

NOTE 4 – LINE OF CREDIT

During 2015, the Organization had a line of credit that was modified to reduce the maximum principal available to \$1,800,000. As part of the association with AHF, the Organization entered an agreement with the financial institution to pay a reduced amount of the outstanding balance of \$1,800,000 at the time of negotiation. The line of credit balance was considered settled, resulting in a gain on debt extinguishment of \$910,200, and the line of credit was closed.

AID ATLANTA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 – NOTES PAYABLE

During 2015, the Organization paid off several notes payable for certain consideration obtained by AHF and returning the assets securing the notes. At December 31, 2015, the Organization had two outstanding notes payable totaling \$113,940, which were paid off in 2016. At December 31, 2016, the Organization had no outstanding notes payable.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, temporarily restricted net assets of \$155,084 and \$311,029, respectively, were available for client services. Net assets for client services released from restrictions during the years ended December 31, 2016 and 2015, were \$183,974 and \$203,313, respectively.

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 \$72,630 and \$23,613 to the plan during the years ended December 31, 2016 and 2015, 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 are as follows for years ended December 31:

	<u>2016</u>	<u>2015</u>
Revenues	\$ 884,571	\$ 891,677
Less: grants to other agencies	(39,718)	(70,083)
Less: other expenses	<u>(648,001)</u>	<u>(709,560)</u>
	<u><u>\$ 196,852</u></u>	<u><u>\$ 112,034</u></u>

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.

AID ATLANTA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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:

2017	\$ 381,027
2018	385,434
2019	374,210
2020	162,778
	<u>\$ 1,303,449</u>

Total rent expense for the years ended December 31, 2016 and 2015 was \$391,276 and \$338,478, 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. During 2016 and 2015, the Organization received 78% and 73%, respectively, of its funding from government grants. Also during 2016 and 2015, the Organization received \$1,069,173 and \$1,170,000 (11% and 14% of its funding), respectively, from AHF. The ability of certain of the Organization's contributors and grantors as well as AHF to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions.

AID ATLANTA, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 12 – RELATED PARTY TRANSACTIONS

During 2016 and 2015, AHF provided support to the Organization totaling \$1,069,173 and \$1,170,000, respectively, included in unrestricted contributions on the accompanying Statement of Activities and Changes in Net Assets. During 2016 and 2015, AHF also provided financing to the Organization with an interest free loan which was used in part for operations and paying off debt. The loan had a balance at December 31, 2016 and 2015 of \$3,512,705 and \$1,224,000, respectively. These amounts are included in long-term liabilities on the accompanying Statement of Financial Position as no prescribed repayment terms have been established and repayment during the year ending December 31, 2017 is not anticipated.

SUPPLEMENTARY INFORMATION

AID ATLANTA, INCORPORATED
REPORTS AND OTHER SCHEDULES AND INFORMATION
AS REQUIRED BY THE UNIFORM GUIDANCE
YEAR ENDED DECEMBER 31, 2016

AID ATLANTA, INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

<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	\$ 135,408
Passed through Fulton County, Georgia			
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)	118-15SC979646B-BR	93.914	428,566
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)	118-16SC102363B-2	93.914	<u>2,404,906</u>
			2,833,472
Passed through Fulton County, Georgia			
Ryan White Part C Outpatient EIS Program	H76HA28471-02-01	93.918	486,921
Passed through Fulton County, Georgia			
Fulton County Info-line	750-16SS101449A-MH	93.940	97,500
Comprehensive HIV Prevention Program for Fulton and DeKalb	12RFP86259A-CJC	93.940	159,757
Passed through the Georgia Department of Public Health			
Information Line	40500-044-16151448	93.940	<u>51,667</u>
			308,924
Passed through the Centers for Disease Control and Prevention			
HIV Prevention Program for Young African American Men Who Have Sex With Men	6NU5PS003443-05-01	93.939	178,249
HIV Prevention Program for Young African American Men Who Have Sex With Men	5U65PS003443-04	93.939	63,033
HIV Prevention Activities - Non-Governmental Organization Based	1U65PS004726-01	93.939	413,641
HIV Prevention Activities - Non-Governmental Organization Based	5NU65PS004726-02-00	93.939	<u>340,583</u>
			995,506
Passed through the Georgia Department of Public Health			
Ryan White Part B - Case Management	40500-044-15141120	93.917	48,212
Ryan White Part B - Haven of Hope (Jan-Mar)	40500-044-15151529	93.917	65,622
Ryan White Part B - Haven of Hope (Apr-Dec)	40500-044-16151529	93.917	<u>283,768</u>
			397,602
Passed through Emory University			
Drug Abuse and Addiction Research Program - Element	1RO1DA038196-01	93.279	7,783
Total U.S. Department of Health and Human Services			<u>5,165,616</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through City of Atlanta, Georgia			
Housing Opportunities for Persons with AIDS Program	250131963/250132042	14.241	<u>2,369,273</u>
Total U.S. Department of Housing and Urban Development			<u>2,369,273</u>
Total Federal Expenditures			<u>\$ 7,534,889</u>

AID ATLANTA, INCORPORATED
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards summarizes the expenditures of AID Atlanta, Incorporated (the “Organization”), under programs of the federal government for the year ended December 31, 2016 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the “Uniform Guidance”). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – ACCOUNTING PRINCIPLES

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the Uniform Guidance. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The Organization did not elect to use the 10% de minimis cost rate under Uniform Guidance 200.510(b)(6).

NOTE 3 – CONTINGENCIES

These Federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Organization’s continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

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, 2016, 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 the date of this report.

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.

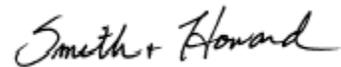
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

April 4, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors of AID Atlanta, Incorporated

Report on Compliance for Each Major Federal Program

We have audited AID Atlanta, Incorporated (a nonprofit organization) (the "Organization"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2016. The Organization's major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, relating to allowable cost compliance requirements of CFDA #93.939 HIV Prevention Activities - Non-Governmental Organization Based. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

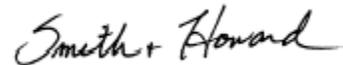
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance 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 the Uniform Guidance, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned costs as item 2016-001, related to allowable cost compliance requirements of CFDA #93.939 HIV Prevention Activities - Non-Governmental Organization Based, that we consider to be a significant deficiency.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

April 4, 2017

**AID ATLANTA, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016**

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? No

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? Yes

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major programs:

- CFDA No. 93.914 HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)
- CFDA No. 93.939 HIV Prevention Activities - Non-Governmental Organization Based

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as a low-risk auditee? No

AID ATLANTA, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

Section II – Financial Statement Findings

None noted.

Section III – Major Federal Award Findings and Questioned Costs

2016-001 – HIV Prevention Activities - Non-Governmental Organization Based
CFDA #93.939
Federal Award # 1U65PS004726-01

Criteria: Grant expenditures are required to have evidence of support.

Condition: We noted the Organization requested reimbursement for expenses for which there was no support available.

Context: During our testing of allowable costs, we noted reimbursement requests for April and May 2016 were not calculating the reimbursement amount properly, resulting in the detail of actual expenses and the reimbursement request not to agree. We noted \$38,241 was included in the reimbursement request which was not supported by actual expenditures.

Questioned Costs: \$38,241

Effect: The Organization may have received funds which were ineligible under the federal award.

Cause: Management does not have monitoring procedures in place to ensure costs submitted for reimbursement are clerically correct.

Recommendation: We recommend the Organization implement internal controls to ensure reimbursements requests are made in the appropriate amounts that agree to the supporting detail.

Grantee Comment: The Accounting department reassigned responsibilities upon departure of the Controller at the end of 2016. The reassignment of duties entailed a review of processes, procedures and controls including, but not limited to, a detailed review of methods, documentation and workpapers. These actions and corrections have resulted in timely and accurate reporting along with better communication internally and externally, which management believes will eliminate the possible reoccurrence of this type of error.

AID ATLANTA, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

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

2015-001 – Internal Controls over Financial Reporting

Criteria: The Uniform Guidance requires detailed reporting of deficiencies in internal controls related to the financial statement audit in accordance with generally accepted government auditing standards.

Condition and Context: We noted an internal control deficiency related to financial reporting in connection with our audit of the AID Atlanta, Incorporated financial statements for the year ended December 31, 2015. In connection with our audit procedures, we noted reconciliations were not performed timely and many that did not agree to the trial balance.

Effect: As a result of reconciliations not being performed timely, the Organization’s internal financial statements and Schedule of Federal Awards (“SEFA”) were not properly reflected throughout the year and not in accordance with accounting principles generally accepted in the United States of America (“GAAP”). This resulted in multiple versions of the trial balance and SEFA.

Cause: Adequate and timely procedures related to the financial statement close process are not in place.

Recommendation: Management should develop adequate procedures related to the financial statement close process to ensure GAAP basis financial statements and SEFA are prepared accurately. We also recommend that management document all internal control procedures to ensure the process is followed appropriately.

Grantee Comment: Management has employed additional staff which will provide the resources needed to review, develop and implement the additional processes and procedures to ensure timely and accurate financial reports and internal controls.

Status: Finding has been corrected.

AID ATLANTA, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

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

2015-002 – Internal Controls on Approval of Pay Rates

Criteria: The Uniform Guidance requires a system of internal control over time and effort reporting which provides reasonable assurance that the charges are accurate, allowable and properly allocated.

Condition: We noted an internal control deficiency relating to pay rate approvals. During our review we noted the Organization does not have a policy surrounding documentation of pay rate approval.

Context: We noted 5 of 13 employees tested did not have evidence of approval of their current pay rates on file.

Effect: The internal control deficiency could result in unauthorized changes or errors in employee pay rates.

Cause: Inadequate controls over pay rate approval.

Recommendation: Management should ensure it enact preventative controls such as documenting all pay rate changes with signoffs by the appropriate individual. The Organization should also document their internal control procedures surrounding the payroll process.

Grantee Comment: Management is reviewing the processes noted above and as a part of the overall documentation of internal controls, will ensure corrections are implemented.

Status: Finding has been corrected.

AID ATLANTA, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

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

2015-003 – HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)
CFDA #93.914
Federal Award # 118-14SC939946B-TR and 118-15SC979646B-BR

Criteria: Services are to be provided to patients who meet certain eligibility criteria including residency, income, and HIV status.

Condition: During our testing, we noted three patient files which were labeled as funded status however; they did not have evidence of status of HIV on file. We also noted 2 individuals without proof of residency certifications. We also noted one individual without proof of income eligibility on file. Without these records, it is possible the individuals did not meet applicable eligibility requirements. We also noted five patients that received services during 2015; however, the related patient files could not be located.

Questioned Costs: No specific questioned costs were identified.

Effect: The information reported under the grant may not be stated properly.

Cause: Management does not have monitoring procedures in place to ensure clients are properly reported in the system and that documentation is appropriately maintained relating to eligibility.

Recommendation: We recommend the Organization implement a policy and procedure to ensure information is recorded properly in the Organization's tracking system and ensure proper documentation be maintained supporting eligibility.

Grantee Comment: Management is reviewing internal procedures and will implement necessary controls to ensure future avoidance.

Status: Finding has been corrected.

AID ATLANTA, INCORPORATED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

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

2015-004 – HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)
CFDA #93.914
Federal Award # 118-14SC939946B-TR and 118-15SC979646B-BR

Criteria: Grant expenditures are required to have evidence of support.

Condition: We noted the Organization charged an invoice to the grant twice in error which resulted in the Organization to be reimbursed twice. We also noted an instance of payroll expenses charged to the grant that did not have supporting documentation.

Context: During our test of allowable cost, we noted an invoice totaling \$27,020 was charged to the grant twice which were reimbursed by the grant. In the February 2015 reimbursement report, there was additional charges recorded in the payroll line in February which the Organization did not have relevant support.

Questioned Costs: We noted questioned costs to be \$11,700.

Effect: The Organization may have received funds which were ineligible under the federal award.

Cause: Management does not have monitoring procedures in place to ensure costs submitted for reimbursement are appropriate to charge to the grant.

Recommendation: We recommend the Organization implement internal controls to ensure reimbursements only include charges it actual encountered. We also recommend the Organization maintain support for all expenditures charged to the grants.

Grantee Comment: Management has reviewed the cause of the over charged amount of \$27,020 and has taken steps to return the funds. In addition, corrective action was taken after discovery of this error to eliminate possible future mistakes. Management believes the ongoing review of its internal controls and documentation of policies and procedures will lessen the possible repeat of similar type errors.

Status: Finding has been corrected.

**AID ATLANTA, INCORPORATED
SCHEDULE OF STATE AWARDS EXPENDED
YEAR ENDED DECEMBER 31, 2016**

	<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 Public Health			
Information Line	40500-044-16151448	\$ 51,667	\$ 16,667
Ryan White - Part B Case Management	40500-044-15141120	48,212	-
Ryan White - Part B Haven of Hope	40500-044-15151529	65,622	-
Ryan White - Part B Haven of Hope	40500-044-16151529	<u>283,768</u>	<u>136,051</u>
		<u>\$ 449,269</u>	<u>\$ 152,718</u>