

AIDS Athens, Inc.
Audited Financial Statements
June 30, 2014

Bambo Sonaik CPA, LLC
1640 Powers Ferry Road Building 29 Suite 100 Marietta GA 30067
P: 770.956.6455 F: 678.559.0659 www.cpa-service.com

Table of Contents

	Page(s)
Report of Independent Auditor.....	1-2
 <u>Audited Financial Statements</u>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-9
 <u>Single Audit / Supplementary Information</u>	
Report on Internal Control over Financial Reporting.....	10-11
Report on Compliance with Requirements.....	12-13
Schedule of Expenditures of Federal Awards.....	14
Notes to the Schedule of Expenditures of Federal Awards.....	15
Schedule of Expenditures of State Awards.....	16
Notes to the Schedule of Expenditures of State Awards.....	17
Schedule of Findings and Questioned Costs.....	18



INDEPENDENT AUDITOR'S REPORT

To The Board of Directors:
AIDS Athens, Inc.
Athens, Georgia

We have audited the accompanying financial statements of AIDS Athens, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 entity'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 entity'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 AIDS Athens, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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. Such information 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 October 1, 2014, on our consideration of AIDS Athens, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 AIDS Athens, Inc.'s internal control over financial reporting and compliance.

Bambo Sonaike CPA, LLC

October 7, 2014

AIDS Athens, Inc.
Statement of Financial Position
As of June 30, 2014

Assets

Cash ^(note 2)	\$ 22,321
Accounts receivable ^(note 2 & 3)	135,446
Deposits and prepaids ^(note 2)	10,469
Total assets	<u>168,236</u>

Liabilities

Other liability	<u>1,882</u>
Total liabilities	1,882

Net assets

Unrestricted	156,301
Temporarily restricted	10,053
Permanently restricted	-
Total net assets	<u>166,354</u>

Total liabilities and net assets	<u>\$ 168,236</u>
---	-------------------

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

AIDS Athens, Inc.
Statement of Activities
For the year ended June 30, 2014

Revenue	Unrestricted	Temporarily restricted	Total
Contribution	\$ 102,131	\$ -	\$ 102,131
Grants and awards	951,285	19,900	971,185
Other income	13,306	-	13,306
Interest income	1	-	1
Total revenues	1,066,723	19,900	1,086,623
Net assets released from restriction	11,845	(11,845)	-
Expenses			
Program services			
Project CARE	751,519	-	751,519
Shelter Plus Care	226,206	-	226,206
Other program	86,891	-	86,891
Support services			
Management and general	19,158	-	19,158
Fundraising	6,257	-	6,257
Total expenses	1,090,031	-	1,090,031
Change in net assets	(11,463)	8,055	(3,408)
Net asset at beginning of year	167,764	1,998	169,762
Net asset at end of the year	\$ 156,301	\$ 10,053	\$ 166,354

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

AIDS Athens, Inc.
Statement of Functional Expenses
For the year ended June 30, 2014

	Program services			Support services		Total
	Project CARE	Shelter Plus	Other programs	Management and general	Fundraising	
Salaries and wages	\$ 250,404	\$ -	\$ 34,686	\$ 9,019	\$ -	\$ 294,109
Benefits	61,732	-	3,390	1,898	-	67,020
Payroll taxes	24,624	-	3,316	1,061	-	29,001
Total compensation and benefits	336,760	-	41,392	11,978	-	390,130
Advertising and promotion	124	-	51	29	-	204
Bank fees	598	-	245	136	-	979
Conferences and training	2,425	-	96	54	-	2,575
Dues and subscriptions	180	-	1,324	41	-	1,545
Fundraising	-	-	-	-	6,257	6,257
Insurance	2,349	-	963	539	-	3,851
Occupancy	329,753	173,895	16,832	1,153	-	521,633
Other	12,984	4,120	13,993	562	-	31,659
Office expense	10,836	-	3,144	1,762	-	15,742
Professional fees	6,415	-	2,178	1,220	-	9,813
Supplies	5,222	-	-	-	-	5,222
Transportation	14,537	-	666	373	-	15,576
Utilities	23,150	48,191	3,472	1,945	-	76,758
Bad debt expense	6,186	-	2,535	(634)	-	8,087
Total expenses	\$ 751,519	\$ 226,206	\$ 86,891	\$ 19,158	\$ 6,257	\$ 1,090,031

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

AIDS Athens, Inc.
Statement of Cash Flows
For the year ended June 30, 2014

Cash flow from operating activities:	
Change in net assets	\$ (3,408)
Reconciliation of changes in net assets required by operating activities:	
Bad debt	8,087
(Increase)/ decrease in operating assets	
Accounts receivable	26,689
Increase/ (decrease) in operating liabilities	
Other liability	1,116
Net cash required by operating activities	<u>32,484</u>
Cash flow from financing activities:	
Proceeds from line of credit	80,000
Payments on line of credit	(95,000)
Loan proceeds from board members	21,500
Repayment on loans to board members	(21,500)
Net cash provided by financing activities	<u>(15,000)</u>
Net increase(decrease) in cash	<u>17,484</u>
Beginning balance of cash	<u>4,837</u>
Ending balance of cash	<u><u>\$ 22,321</u></u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for interest	<u><u>\$ -</u></u>
Cash paid during the year for income taxes	<u><u>\$ -</u></u>

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

AIDS Athens, Inc.
Notes to the Financial Statements
June 30, 2014

1. Company

AIDS Athens, Inc. is a not for profit Organization incorporated on December 18, 1987 in the State of Georgia. AIDS Athens provides various services to address the needs of individuals infected and affected by HIV/AIDS through supportive services and to prevent the spread of the disease through education and outreach.

2. Significant accounting policies

Basis of accounting and financial statements presentation

The financial statements are reported using the accrual basis of accounting. All of the Organization's assets, liabilities, net assets, revenue and expenses have been reflected in accordance with the accrual method.

The financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Not-for-Profit Entities. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets

These are assets that are not subject to donor imposed or grantor-imposed restrictions.

Temporarily restricted assets

These are assets that are subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets

These are assets subject to donor imposed stipulations permanently by the Organization. Generally, the donors of these assets permit an organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and cash equivalent

Cash consists of cash on hand at the Organization's locations and the accounts held at financial institutions. Cash equivalents are considered to be short-term investments with original maturities less than three months.

Accounts receivable

Accounts receivable are generated from the day to day operations of the Organization. Accounts receivable are stated as unpaid balances to the Organization for performed services. Receivables are unsecured and non-interest bearing.

AIDS Athens, Inc.
Notes to the Financial Statements
June 30, 2014

Deposits and prepaid

Deposits and prepaid consists of deposits at residential housing for the Organization's clients and prepaid expenses for the Organization.

Property and equipment

Property and equipment are stated at cost, or if donated, at their estimated fair value at the date of the gift. Such donations are reported as unrestricted support unless the donor 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 support. 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 into service as instructed by the donor.

Expenditures for property and equipment additions are reviewed for estimated useful life and major improvements or renewals are capitalized while repairs and maintenance are charges to operations as incurred. Depreciation is computed by the straight-line method over the estimated useful lives as stated below. At the time assets are retired or disposed, costs and accumulated depreciation are eliminated from the related accounts and gains or losses, if any, are credited or charged to income.

Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of expenses incurred in the day to day activities of the Organization.

Use of estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transaction and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

Income tax

The Organization is a not-for-profit entity under section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income taxes.

3. Accounts receivable

Accounts receivable as of June 30, 2014 consist of the following:

Georgia Department of Community Affairs	\$ 98,221
Mayor's Office of Human Services	30,167
Other	7,058
Total accounts receivable	<u>\$ 135,446</u>

AIDS Athens, Inc.
Notes to the Financial Statements
June 30, 2014

4. Employee benefits

The Organization offers a Savings IRA for full time employees. The Organization matches the employee's contribution at the level determined by the Board of Directors not to exceed 4% of the annual amount of salary. The Organization made contribution of \$6,146 for the year ended June 30, 2014. The Organization provides paid time off and insurance benefits to its employees.

5. Concentration of risk

The Organization depends heavily on contributions and grants for its revenue source. The ability of contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While management 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 and other factors beyond its control.

6. Line of credit

As of June 30, 2014, the line of credit consisted of the following:

<u>Loan is secured by</u>	<u>Total line of credit</u>	<u>Outstanding balance</u>	<u>Interest rate</u>	<u>Maturity Date</u>	<u>Payment Frequency</u>	<u>Principal amortization</u>
Unsecured	\$ 75,000	\$ -	Bank's Prime + 1%	1/28/2015	Monthly	No

7. Related parties

The Organization received loans from board members to cover operations cash flow shortfall. As of June 30, 2014, there was no outstanding balance owed to the board members.

8. Subsequent events

The Organization evaluated subsequent events through the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
AIDS Athens, Inc.
Athens, Georgia

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 AIDS Athens, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered AIDS Athens, Inc.'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 AIDS Athens, Inc.'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 entity'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 AIDS Athens, Inc.'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.

Bambo Sonaike CPA, LLC

October 7, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
AIDS Athens, Inc.
Athens, Georgia

Report on Compliance for Each Major Federal Program

We have audited AIDS Athens, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of AIDS Athens, Inc.'s major federal programs for the year ended June 30, 2014. AIDS Athens, Inc.'s major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of AIDS Athens, Inc.'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 AIDS Athens, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AIDS Athens, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, AIDS Athens, Inc. 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 June 30, 2014.

Report on Internal Control over Compliance

Management of AIDS Athens, Inc. 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 AIDS Athens, Inc.'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 AIDS Athens, Inc.'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.

Bambo Sonaike CPA, LLC

October 7, 2014

AIDS Athens, Inc.
 Schedule of Expenditures of Federal Awards
 For the year ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Pass-through from Georgia Department of Community Affairs:			
Housing Opportunities for Persons with AIDS	14.241	2013 13H HOPWA 13C016	426,098
Shelter Plus Care	14.238	2012 12S SPC 12C291	122,975
Shelter Plus Care	14.238	2007 SPC SPC 07C337	60,557
Pass-through from City of Atlanta:			
Housing Opportunities for Persons with AIDS	14.241	HP-11-59	218,452
Pass-through from Athens Clarke County:			
Community Development Block Grant	14.218	B-13-MC-13-0007	20,000
Supportive Housing Program	14.235		14,772
Total U.S. Department of Housing and Urban Development			862,854
Total Federal Awards			\$ 862,854

AIDS Athens, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2014

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of AIDS Athens, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amount presented in, or used in the preparation of, the basic financial statements.

AIDS Athens, Inc.
 Schedule of Expenditures of State Awards
 For the year ended June 30, 2014

Grantor/ Pass-through Grantor/ Program Title	Agency Number	Revenues	Expenditures	Amount (due to) / from Agency
U.S. Department of Housing and Urban Development:				
Pass-through from Georgia Department of Community Affairs:				
Housing Opportunities for Persons with AIDS	2013 13H HOPWA 13C016	426,098	426,098	85,896
Shelter Plus Care	2012 12S SPC 12C291	122,975	122,975	-
Shelter Plus Care	2007 SPC SPC 07C337	60,557	60,557	12,324
Pass-through from City of Atlanta:				
Housing Opportunities for Persons with AIDS	HP-11-59	218,452	218,452	30,167
Pass-through from Athens Clarke County:				
Community Development Block Grant	B-13-MC-13-0007	20,000	20,000	-
Supportive Housing Program	GA0161B4B030900	14,772	14,772	3,708
Total U.S. Department of Housing and Urban Development		<u>862,854</u>	<u>862,854</u>	<u>132,095</u>
Total State Awards		<u>\$ 862,854</u>	<u>\$ 862,854</u>	<u>\$ 132,095</u>

AIDS Athens, Inc.
Notes to the Schedule of Expenditures of State Awards
For the year ended June 30, 2014

1. Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state grant activity of AIDS Athens, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amount presented in, or used in the preparation of, the basic financial statements.

AIDS Athens, Inc.
Schedule of Findings and Questioned Costs
For the year ended June 30, 2014

Section I - Summary of Auditors Results

Financial Statements

An unqualified auditors report was issued.

Internal Control over financial reporting:

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

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal Control over financial reporting:

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

An unqualified compliance report was issued.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

Yes No

Identification of Major Programs:

Federal CFDA Number

14.241

Name

Housing Opportunities for Persons with AIDS

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as a low risk auditee?

Yes No

Section II- Financial Statement Findings

There were no reportable conditions identified to be material weaknesses.

Section III- Federal Award Findings & Questioned Costs

There were no reportable conditions identified to be material weaknesses.

–End of Report–