

**ASIAN AND PACIFIC ISLANDER COALITION ON
HIV/AIDS, INC.**

DBA APICHA COMMUNITY HEALTH CENTER

REPORT ON THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

**(WITH COMPARATIVE TOTALS FOR 2011
AND SUPPLEMENTARY INFORMATION)**

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.

YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Asian and Pacific Islander Coalition on HIV/AIDS, Inc.
DBA APICHA Community Health Center
400 Broadway
New York, NY 10013

We have audited the accompanying statement of financial position of Asian and Pacific Islander Coalition on HIV/AIDS, Inc. DBA APICHA Community Health Center (APICHA) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Asian and Pacific Islander Coalition on HIV/AIDS, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian and Pacific Islander Coalition on HIV/AIDS, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 28, 2012 on our consideration of APICHA's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Jackson Friday CPA, LLC

New York, New York
September 28, 2012

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012
(With comparative figures for 2011)

ASSETS	2012	2011
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 121,142	\$ 118,767
Security Deposits	125,341	177,283
Prepaid Expenses	96,719	58,804
Contract Receivable (Note 3)	903,922	565,917
Pledges and Other Receivables (Note 2)	331,451	15,472
Total Current Assets	1,578,575	936,243
<i>Fixed Assets - Net:</i>		
Office Equipment, Furniture and Fixtures	78,801	112,455
Leasehold Improvements (Note 2)	2,123,518	2,123,959
Capitalized Lease Assets (Note 12)	22,140	42,079
Total Fixed Assets	2,224,459	2,278,493
TOTAL ASSETS	\$ 3,803,034	\$ 3,214,736
LIABILITIES AND NET ASSETS		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 223,906	\$ 201,448
Accrued Expenses	313,526	65,910
Security Deposits Payable	-	50,788
Loans Payable and Line of Credit (Note 10)	1,101,908	1,156,908
Contract Advances (Note 4)	38,488	93,723
Current Portion Lease Obligations	18,549	22,308
Total Current Liabilities	1,696,377	1,591,085
<i>Long-Term Liabilities:</i>		
Long-Term Portion Lease Obligations	10,542	29,091
Total Long-term Liabilities	10,542	29,091
<i>Net Assets:</i>		
Unrestricted	1,710,458	1,561,227
Temporarily Restricted	385,657	28,333
Permanently Restricted (Note 7)	-	5,000
Total Net Assets	2,096,115	1,594,560
TOTAL LIABILITIES AND NET ASSETS	\$ 3,803,034	\$ 3,214,736

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

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2012
 (With comparative totals for 2011)

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2012	2011
Government Contract Revenue (Note 5)	\$ 3,174,366			\$3,174,366	\$ 3,349,753
Clinic, COBRA/Health Home, Medicaid and Other Income (Note 6)	1,507,316			1,507,316	751,451
Contributions	114,090	505,640		619,730	171,570
Special Events	56,145			56,145	38,522
Rental Income	50,941			50,941	-
Interest and Other Income	1,012			1,012	1,812
<i>Net Assets Released from Restrictions:</i>					
Satisfaction of Program Restrictions	153,316	(148,316)	(5,000)	-	-
TOTAL SUPPORT AND REVENUE	5,057,186	357,324	(5,000)	5,409,510	4,313,108
EXPENSES:					
<i>Program Activities</i>					
Clinic	1,916,081			1,916,081	1,224,814
Support Services	2,054,569			2,054,569	2,585,280
<i>Total Program Activities</i>	3,970,650			3,970,650	3,810,094
Management and General	717,900			717,900	679,511
Fundraising	219,405			219,405	264,528
TOTAL EXPENSES	4,907,955	-	-	4,907,955	4,754,133
Change in Net Assets	149,231	357,324	(5,000)	501,555	(441,025)
Net Assets at Beginning of Year	1,561,227	28,333	5,000	1,594,560	2,035,585
Net Assets at End of the Year	\$ 1,710,458	\$ 385,657	\$ -	\$ 2,096,115	\$ 1,594,560

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

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012
(With comparative figures for 2011)

CASH FLOWS FROM OPERATIONS	2012	2011
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 501,555	\$ (441,025)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Items Not Requiring Cash - Depreciation, Amortization and Retirements	291,962	298,587
Increase in Security Deposit	51,942	-
Decrease/(Increase) in Prepaid Expenses	(37,915)	1,638
Decrease/(Increase) in Contract Receivable	(338,005)	260,181
Decrease/(Increase) in Pledges and Other Receivables	(315,979)	19,375
(Decrease)/Increase in Accounts Payable	22,458	(25,144)
(Decrease)/Increase in Accrued Expenses	247,616	(19,553)
Increase in Security Deposits Payable	(50,788)	-
(Decrease)/Increase in Contract Advances	(55,235)	84,623
<i>Net Cash Provided/(Used) By Operations</i>	317,611	178,682
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Additions to Furniture and Equipment and Leasehold Improvements	(237,928)	(145,522)
<i>Net Cash (Used) By Investment Activities</i>	(237,928)	(145,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Lease Financing Obligations	(22,308)	(25,380)
Repayment of Long Term Loan	(55,000)	(63,092)
Proceeds from Line of Credit	-	-
<i>Net Cash (Used)/Provided By Financing Activities</i>	(77,308)	(88,472)
Change in Cash and Cash Equivalents	2,375	(55,312)
Cash and Cash Equivalents at Beginning of Year	118,767	174,079
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 121,142	\$ 118,767

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

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1. ORGANIZATION PURPOSE AND OPERATIONS

Asian and Pacific Islander Coalition on HIV/AIDS, Inc. DBA APICHA Community Health Center (APICHA) was founded in 1989 and organized as a nonprofit corporation on December 29, 1992, under the laws of the State of New York, but commenced operations as an independent entity effective January 1, 1994. It is exempt from taxes under Section 501 (c) (3) of the Internal Revenue Code. APICHA is a community-based organization with a licensed freestanding primary care clinic. APICHA is recognized as a Level 3 Physician Practice Connections – Patient-Centered Medical Home (PPC-PCMH) by the National Committee on Quality Assurance, the highest level attainable for a physician practice. APICHA developed a patient-centered HIV/AIDS service delivery model to remove some of the most challenging barriers to care faced by medically underserved and marginalized Asians and Pacific Islanders (A&PIs) and other communities such as immigrants and Lesbian, Gay, Bisexual, Transgender (LGBT) individuals. APICHA’s comprehensive HIV services include primary care services for people living with HIV/AIDS, prevention and risk reduction programs tailored for men who have sex with men, young men who have sex with men, women and youth, HIV counseling and testing services, bilingual case management in major A&PI languages spoken in NYC, Nutrition Health Education and food voucher, full-body acupuncture, support groups in English, Mandarin and Japanese. In October 2009, in response to demand for ongoing primary care services from clients who are HIV negative but are at high risk for HIV and STD infections, APICHA expanded its primary care and mental health services to serve those populations. In November 2011, APICHA launched its new Trans Health Clinic which provides comprehensive medical, mental and support services that are sensitive to the unique needs of transgender people of color.

Effective November 15, 2011, APICHA adopted the name “APICHA Community Health Center”, serving as safe space and safety net for medically underserved and marginalized residents of its immediate neighborhood and other areas of New York City.

APICHA’s mission is to improve the health of our community and to increase access to comprehensive primary care, preventive health services, mental health and supportive services. APICHA is committed to excellence and providing culturally competent services that enhance the quality of life. APICHA advocates for and provides a welcoming environment for underserved and vulnerable people, especially Asians & Pacific Islanders, the LGBT community and individuals living with and affected by HIV/AIDS.

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of APICHA have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to nonprofit organizations. Under the accrual basis of accounting, expenses are recognized when incurred and revenues are recognized when earned. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor's restriction.

All donor restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Pledges Receivable

Pledges receivable at June 30, 2012 consisted of amounts to be received during the years as follows:

2013	\$ 181,500
2014 (net of present value discount of \$6,360)	<u>149,640</u>
Total contributions and pledges receivable	<u>\$ 331,140</u>

Grants and Contracts

Federal, state, city and other grant and contract awards received for specific purposes are recognized as support to the extent of the related expenses incurred in compliance with the specific restrictions. The unexpended funds are reported as contract advances.

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Patient Revenue

Patient revenue is reported at estimated net realizable amounts from patients, third party payors and others for services rendered. Self pay revenue is recorded at published charges with charitable allowances deducted to arrive at net self pay revenue. Medicaid revenue is reimbursed to APICHA at net reimbursement rates as determined by New York State Department of Health from APICHA's annual cost reports. Reimbursement rates are subject to revisions and settlements under the provisions of law and cost reimbursement regulations. Such adjustments, if any, are recognized when they can be estimated. All other patient services revenue is recorded at published charges with contractual allowances deducted to arrive at net patient revenue.

APICHA provides care to patients who meet certain criteria under charity care policy without charge or at amounts less than its established rates. Because APICHA does not expect to collect amounts determined to qualify as charity care, a full write off is taken against revenue. APICHA estimates the level of charity care for the years ended June 30, 2012 and 2011 to be approximately \$134,796 and \$205,626, respectively.

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures. However, certain indirect costs, primarily administrative salaries and related general overhead expenses are allocated to various programs based on percentage of direct payroll.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Cash and Cash Equivalents

For purposes of the statements of cash flows, APICHA classifies cash on hand and checking accounts, as well as other highly liquid debt securities with original maturities of 90 days or less, as cash equivalents. At June 30, 2012, all cash balances for each bank account in aggregate, were covered by the Federal Deposit Insurance Corporation.

Fixed Assets

APICHA follows the practice of capitalizing all expenditures for furniture and equipment and computers in excess of \$1,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

The following lives have been assigned to the fixed assets:

Furniture and Fixtures; Computer Software and Office Equipment, 7 and 5 years, respectively.

Leasehold Improvements

Leasehold improvements are amortized over the shorter of their useful life or term of the related lease.

Below is the asset and depreciation cost summary:

	<u>Leasehold Improvements</u>	<u>Computer Software & Office Equipment</u>	<u>Furniture & Fixtures</u>	<u>Total</u>
Cost:				
Balance, Beginning of Year	\$3,045,504	\$ 265,762	\$ 134,951	\$3,446,217
Additions	<u>237,928</u>	<u>-</u>	<u>-</u>	<u>237,928</u>
Total, End of Year	<u>3,283,432</u>	<u>265,762</u>	<u>134,951</u>	<u>3,684,145</u>
Accumulated Depreciation:				
Balance, Beginning of Year	921,545	192,293	95,965	1,209,803
Charge for the year	<u>238,369</u>	<u>23,477</u>	<u>10,177</u>	<u>272,023</u>
Total, End of Year	<u>1,159,914</u>	<u>215,770</u>	<u>106,142</u>	<u>1,481,826</u>
Net Properties & Equipment	<u>\$2,123,518</u>	<u>\$ 49,992</u>	<u>\$ 28,809</u>	<u>\$2,202,319</u>

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 3. CONTRACT AND GRANT RECEIVABLE

Contract and grant receivable balances at June 30, 2012 and 2011, respectively represent primarily, uncollected contract service billings from various Federal, State and City governmental agencies net of allowances as follows:

	<u>2012</u>	<u>2011</u>
NYS-Department of Health-Legislative Grants	\$ 173,969	\$ 17,148
NYS-Department of Health-LGBT	25,838	34,329
AI-Communities of Color	25,573	31,200
PHS-RW HIV/AIDS TE Act of 2009-Case Management	215,569	119,647
New York State Minority Initiative	-	30,654
New York State-AIDS Institute (MSA/CDI)	112,336	125,276
New York State-AIDS Institute (Women's Services)	67,121	35,531
New York State Office Health Systems Management HEAL NY Phase 6	-	31,708
HRI-RW HIV/AIDS TE Act of 2009-Food and Nutrition	32,853	22,446
COBRA-Case Management Program/Health Home	78,641	42,916
PHS-Communities of Color Access to and Maintenance in Care	11,250	13,237
Centers for Disease Control and Prevention (CDC) Clinic and Other Grants	128,743	26,098
	98,769	58,573
Allowance for Doubtful Accounts	<u>(66,740)</u>	<u>(22,846)</u>
Total	<u>\$ 903,922</u>	<u>\$ 565,917</u>

NOTE 4. CONTRACT ADVANCES

Contract advances consist of unexpended grant awards for various program activities. At June 30, 2012 and 2011, Contract advances aggregate \$38,488 and \$93, 723, respectively.

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 5. CONTRACT REVENUE

Contract revenues are derived pursuant to annual program service contracts entered into with the various governmental and pass-through agencies. Consulting contract revenues are recognized ratably, over the contractual period or as the services are performed. Contract revenue consists of the following:

<u>Source</u>	<u>2012</u>	<u>2011</u>
NYS-Department of Health-Legislative Grants	\$ 13,551	\$ 40,985
New York State-AIDS Institute (MSA/CDI)	419,720	491,846
RW HIV/AIDS TE Act of 2009-Food and Nutrition	137,590	144,714
RW HIV/AIDS TE Act of 2009-Primary Care EIS Clinic	469,112	445,734
New York State Minority Initiative Program	33,391	96,175
PHS-Community of Color Outreach Program	77,534	153,252
Centers for Disease Control and Prevention (CDC)	631,938	720,506
NYS Department of Health-LGBT	93,130	112,254
AI-Communities of Color	67,855	-
PHS-Communities of Color Access to and Maintenance in Care	45,000	52,948
New York State-AIDS Institute (Women's Services)	200,355	193,321
New York State Office Health Systems Management HEAL NY Phase 6	-	262,773
PHS-RW HIV/AIDS TE Act of 2009-Care Coordination	792,755	524,412
General and Administration/Other Programs	<u>192,436</u>	<u>110,833</u>
Total	<u>\$3,174,366</u>	<u>\$3,349,753</u>

NOTE 6. PATIENT SERVICE REVENUE

Patient revenue is reported at estimated net realizable amounts for services rendered. Net patient service revenue consists of the following:

	<u>2012</u>	<u>2011</u>
Medicaid Revenue	\$ 185,462	\$ 51,025
Medicare Revenue	23,449	10,318
ADAP Revenue	181,294	188,007
Self Pay Revenue – Net	29,814	10,826
Private Insurance	71,041	79,538
340B Revenue	527,922	99,855
COBRA/Health Home Revenue	550,035	344,229
Allowance for Doubtful Accounts	<u>(61,701)</u>	<u>(32,347)</u>
Net Patient Service Revenue	<u>\$ 1,507,316</u>	<u>\$ 751,451</u>

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 7. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2012 and 2011 consist of program funds that are available for future program activities.

Permanently restricted net assets consist primarily of the Glenn Isutzu endowment assets restricted to investment in perpetuity, the income from which is expendable and support the purpose stated by this donor. Effective June 29, 2012, the restriction was released.

NOTE 8. PROGRAMS

APICHA's principal programs and their acronyms comprise of and are captioned according to funding sources as follows:

Ryan White HIV/AIDS Treatment Extension Act of 2009, Part A

Passed through New York City Department of Health and Mental Hygiene via Public Health Solutions of New York City.

- Care Coordination Program: Provides medical care coordination, patient navigation and treatment adherence education to patients living with HIV/AIDS at APICHA and two other partner clinics.

Ryan White HIV/AIDS Treatment Extension Act of 2009, Part B

Passed through New York State Department of Health AIDS Institute via Health Research Inc.

- Food and Nutrition Services: Provides culturally competent food, food voucher and nutrition assessment and workshops to educate individuals living with HIV/AIDS on how to purchase and cook nutritional food in their respective Asian cultural context.

Ryan White HIV/AIDS Treatment Extension Act of 2009, Part C

Funded by Health Resource and Service Administration (HRSA), Department of Health and Human Services

- Early Intervention Services: Provides an ambulatory HIV primary medical care to individuals living with HIV/AIDS regardless of their ability to pay.

Centers for Disease Control and Prevention (CDC)

- Young Men Who have Sex with Men (PS 06618): Provides series of workshops to enhance risk reduction skills among young gay men in A&PI

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 8. PROGRAMS (CONT'D.)

communities by providing support and leadership training. This program also provides HIV testing targeting young men age under 24. In addition, this program has two subcontracts with MCCNY Charities, Inc. and Green Chimneys in the amounts of \$67,937 and \$41,720, respectively.

- Human Immunodeficiency virus (HIV) prevention projects for community-based organization: This CDC directly funded project target Asian & Pacific Islander Men who has Sex with Men (MSM) age 24 and above. This project provides HIV prevention services both on site and in the community: HIV testing with individual risk reduction counseling using RESPECT (CDC DEBI) and promotes safer behavior using Popular Opinion Leader (CDC DEBI).

New York State Department of Health, AIDS Institute

- Minority Peer Initiative: Provides training to peer educators, and support peer-based outreach and workshops for youth and immigrant women and youth in A&PI communities.
- MSA/CDI: Provides an array of HIV services: peer-based outreach, HIV prevention workshops, health education presentations, case management service, bilingual assistance and full-body acupuncture for individuals living with HIV/AIDS in A&PI communities. Also it provides community development and community level intervention to strengthen HIV work in A&PI communities.
- Community of Color Initiative: HIV prevention targeting high risk men in A&PI communities. Subcontract with New York City Taxi Worker's Alliance to provide HIV and STI screening to cab drivers.
- Health and Human Services for Lesbian, Gay, Bisexual and Transgender (LGBT) Individuals: APICHA's first non-HIV specific LGBT general health education contract funds life skills workshops to adult A&PI LGBT individuals, mentorship to young A&PI LGBT individuals, and technical assistance to providers on LGBT issues as well as A& PI issues.
- NYSDOH-AIDS Institute Women's Services Unit: This project provides HIV prevention to Asian & Pacific Islander Women with high risk factors. It provides HIV testing, Gonorrhea/Chlamydia screening, Peer Educator training, and aim to change community norm to promote safer behavior using RAPP (CDC DEBI).

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 8. PROGRAMS (CONT'D.)

New York State Department of Health

- HEAL NY Phase 6: One-time 2-year grant supports capacity-building project to expand primary care and STD treatment for HIV negative individuals who are at high risk for HIV infection, especially partner(s) of HIV positive individuals as well as men who have sex with men in A&PI communities.

New York City Department of Health and Mental Hygiene (DOHMH) via Public Health Solutions (PHS)

- New York City Council Communities of Color Initiative: Provides outreach, individual risk reduction counseling, and escorting and interpretation for clients to HIV testing, needed health care and social services to HIV high risk or HIV individuals. The focus is A&PI MSM communities.

NOTE 9. CONTRACT CONTINGENCIES

A substantial portion of the organization's total revenue is derived pursuant to contracts with Federal, State and City government agencies. The ultimate determination of income recognizable and reimbursable under these contracts generally is based upon allowable costs as audited by the various agencies.

Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount claimed and received in excess of allowable costs. However, in management's opinion, such audits will not have material effect on the financial statements of the organization.

NOTE 10. TERM LOAN AND REVOLVING LINE OF CREDIT

Due to relocation, on October 26, 2006, APICHA secured a long term loan from Citibank for one million five hundred thousand dollars (\$1,500,000). The purpose of this loan was to finance leasehold improvement expenditures with respect to the new office under renovation at 400 Broadway, New York City. The original maturity date was April 30, 2010 and bears interest at a fixed rate of 7.110%. On November 13, 2008 the terms of the loan were modified requiring twelve (12) monthly principal payments of \$5,000 commencing on December 1, 2008 with one final principal and interest payment of \$908,771 on December 1, 2009. The loan has been extended.

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 10. TERM LOAN AND REVOLVING LINE OF CREDIT (CONT'D.)

In addition to the above term loan, APICHA's line of credit arrangement with Citibank was raised to three hundred fifty thousand dollars (\$350,000) to provide for seasonal working capital needs. Amount borrowed on this line of credit bear interest at an annual rate equal to the banks base rate plus .25%. As of June 30, 2012, the line of credit was fully drawn down.

There were \$751,908 and \$806,908 loan balances outstanding at June 30, 2012 and 2011, respectively.

Interest expenses aggregate \$46,495 and \$48,607 for the years ended June 30, 2012 and 2011, respectively.

NOTE 11. PENSION AND RETIREMENT PLAN

In 1998, APICHA sponsored a defined contribution retirement savings plan under Section 403 (B) for all employees. The plan is trusteeed with MetLife (The Plan Administrator) and funded through investments in various mutual funds at the direction of each contributing employee. Employee contributions are voluntary and are made on pre-tax basis. Employer contributions are a percentage of scale wages and are defined in the Master Agreement, and is discretionary. For the years ended June 30, 2012 and 2011, APICHA made no contribution to the plan.

NOTE 12. LEASE COMMITMENTS

On May 30, 2006, APICHA entered into a new ten (10) year lease agreement with five (5) year renewal option with 400 Broadway Associates, LP, (Term: 8/1/06 to 9/30/16) for the entire building known as 400 Broadway, New York City. As a result of the sublease agreement on November 19, 2008 the lease agreement was amended with the original five (5) year option to renew split into a two (2) year renewal option or a three (3) year renewal option. APICHA exercised the two (2) year renewal option with the lease expiration date now extended to September 30, 2018 but has not yet exercised the three (3) year renewal option.

On November 19, 2008, APICHA signed a sublease agreement for the storefront with Eitan, LLC with the rent payment commencing in May 2010 but the sub-tenant has failed to pay rent/use and occupancy. As of June 30, 2012, the total rent owed to APICHA by Eitan LLC is \$407,830 and a 100% provision has been set up against this receivable. On September 15, 2011, APICHA obtained a judgment against Eitan, LLC but no payment has been received and Eitan, LLC has filed a notice of appeal and the case remains open.

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 12. LEASE COMMITMENTS (CONT'D.)

The following is a schedule of future minimum lease payments under the capital and operating leases as of June 30, 2012:

<i>Fiscal Year</i>	<i>Capital Leases</i>		<i>Operating Lease</i>
	<u>Phone System</u>	<u>Copier</u>	<u>Space</u>
2013	\$ -	\$ 23,580	\$ 597,026
2014	-	11,790	614,937
2015	-	-	633,385
Thereafter	-	-	652,387
	<u>\$ -</u>	<u>\$ 35,370</u>	<u>\$2,497,735</u>

Lease expenses incurred on the capital leases were \$30,506 and \$37,432 during each of the years ended June 30, 2012 and 2011, respectively. Rental expenses incurred on the office space were \$674,192 and \$644,242 during the years ended June 30, 2012 and 2011, respectively.

Assets recorded under capital leases are included in capitalized lease assets and are substantially amortized at balance sheet date as follows:

	<u>2012</u>	<u>2011</u>
Phone Systems and Copiers	\$ 125,592	\$ 125,592
Accumulated amortization	<u>(103,452)</u>	<u>(83,513)</u>
	<u>\$ 22,140</u>	<u>\$ 42,079</u>

NOTE 13. RECLASSIFICATION

Certain 2011 amounts have been reclassified to conform to current year's presentation.

NOTE 14. SUBSEQUENT EVENT

Effective September 10, 2012, APICHA was designated a Federally Qualified Health Center Look-Alike status.

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012
(With comparative totals for 2011)

EXPENSES	Clinic	Support Services	Total Program	General & Admin.	Dev. & Fund Raising	TOTAL	
						2012	2011
Salaries	\$ 1,059,429	\$ 867,429	\$ 1,926,858	\$ 127,197	\$ 91,352	\$ 2,145,407	\$ 1,998,109
Fringe Benefits	253,713	180,655	434,368	37,846	19,582	491,796	453,405
Consultants	114,992	155,491	270,483	311,798	25,213	607,494	671,860
Space	200,735	346,455	547,190	150,180	52,043	749,413	719,385
Cleaning, Maintenance and Service Contracts	34,668	31,413	66,081	13,617	4,719	84,417	92,158
Telephone, Postage and Internet	38,995	31,395	70,390	6,478	3,258	80,126	84,415
Equipment Lease and Rental	-	-	-	-	-	-	18,926
Consumable Supplies and Printing	21,357	107,185	128,542	20,782	7,672	156,996	149,958
Insurance	-	6,139	6,139	24,296	-	30,435	27,887
Stipend and Incentives	181	13,657	13,838	-	55	13,893	7,508
Food Pantry Bags/Voucher	-	22,777	22,777	-	-	22,777	20,602
Client Outreach and Advertising	1,993	33,693	35,686	1,230	153	37,069	48,588
Conference and Staff Development	12,065	28,150	40,215	2,893	370	43,478	36,996
Workshop and Meeting	-	-	-	-	-	-	8,328
Travel	590	35,175	35,765	1,983	124	37,872	28,447
Depreciation	145,689	122,333	268,022	11,678	12,262	291,962	298,587
Miscellaneous and Contingency	31,674	72,622	104,296	7,922	2,602	114,820	88,974
Total Expenses	\$ 1,916,081	\$ 2,054,569	\$ 3,970,650	\$ 717,900	\$ 219,405	\$ 4,907,955	\$ 4,754,133

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

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
 SCHEDULE OF CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2012
 (With comparative figures for 2011)

Contributions	2012	2011
H. Van Ameringen Foundation	\$ 60,000	\$ 50,000
Broadway Cares/Equity Fights AIDS, Inc.	7,500	7,500
The Paul Rapoport Foundation, Inc.	512,000	5,000
Gay Men's Health Crisis, Inc.	-	5,786
Asian American Federation	-	6,000
The New York Community Trust/New York City AIDS Fund	-	50,000
North Star Fund	-	15,000
C.H.Huang	12,500	-
Others	27,730	32,284
Total Grants	\$ 619,730	\$ 171,570

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

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.

**OMB CIRCULAR
A-133 AUDIT**

SUPPLEMENTARY SCHEDULES

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ASIAN & PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2012

FUND CODE	FUND NAME	PROGRAM DESCRIPTION	CONTRACT #	CFDA #	CONTRACT PERIOD	CONTRACT AMOUNTS	CURRENT YEAR EXPENDITURE	TOTAL FEDERAL EXPENDITURE	QUESTIONED COSTS
708	RYAN WHITE II-HRI	Food & Nutrition Serv. P. Living with HIV/AIDS	3086-06	93.917	04/01/11-03/31/12	138,118	104,413		
808	RYAN WHITE II-HRI	Food & Nutrition Serv. P. Living with HIV/AIDS	3086-06	93.917	04/01/12-07/31/12	46,040	33,177	137,590	
710	RYAN WHITE III - HRS/AFIS CI	Early Intervention Services	H76-HA-00759-09-02	93.918	04/01/11-03/31/12	441,978	337,126		
410	RYAN WHITE III - HRS/AFIS CI	Early Intervention Services	H76-HA-00759-10-02	93.918	04/01/12-03/31/13	479,978	126,750	463,876	
301	RYAN WHITE I-PHS CARE COORDINATION	Medical Case Management	09-MCM-582	93.914	03/01/11-02/29/12	704,559	464,977		
302	RYAN WHITE I-PHS CARE COORDINATION	Medical Case Management	09-MCM-582	93.914	03/01/12-02/29/13	871,113	242,439	707,416	
601	CDC-3936-01 HRI/WOMEN PREVENTION	HIV/STI Prevention & Related Services for Women	3936-02	93.940	05/01/11-04/30/12	200,000	170,733		
602	CDC-3936-02 HRI/WOMEN PREVENTION	HIV/STI Prevention & Related Services for Women	3936-03	93.940	05/01/12-04/30/13	126,667	29,622	200,355	
616	CDC-06618-YMSM	HIV Prevention for YMSM	5U22PS000522-05	93.939	09/30/10-09/29/11	353,711	110,326		
716	CDC 11-1113-YMSM	HIV Prevention for YMSM	1U65PS003446-01	93.939	09/30/11-09/29/12	318,520	185,864	296,190	
525	CDC 101003 HIV Prevention	HIV Counseling, Testing and Referral Services	1U65PS002578-02	93.943	07/01/11-06/30/12	335,748	335,748	335,748	
TOTAL EXPENDITURE OF FEDERAL AWARDS							2,141,174	2,141,174	

ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of APICHA and is presented on the *accrual basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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. CLUSTER OF PROGRAMS

Cluster of Programs means Federal programs with different CFDA numbers that are defined as a cluster because they are closely related programs that share common compliance requirements and therefore considered one program for major program determination.

NOTE 3. MAJOR PROGRAMS

There were five (5) major federal programs identified or referenced in the financial statements in accordance with OMB Circular A-133.



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**REPORT ON COMPLIANCE AND 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
Asian and Pacific Islander Coalition on HIV/AIDS, Inc.
DBA APICHA Community Health Center
400 Broadway
New York, NY 10013

We have audited the financial statements of Asian & Pacific Islander Coalition on HIV/AIDS, Inc. DBA APICHA Community Health Center (APICHA) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 28, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered APICHA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of APICHA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of APICHA's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

**REPORT ON COMPLIANCE AND 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**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether APICHA's financial statements are free of 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***.

This report is intended solely for the information and use of management, the board of directors, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jackson Friday CPA, LLC

New York, New York
September 28, 2012



Jackson Friday CPA, LLC

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Asian and Pacific Islander Coalition on HIV/AIDS, Inc.
DBA APICHA Community Health Center
400 Broadway
New York, NY 10013

Compliance

We have audited the compliance of Asian & Pacific Islander Coalition on HIV/AIDS, Inc. DBA APICHA Community Health Center (APICHA) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. APICHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of APICHA's management. Our responsibility is to express an opinion on APICHA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (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 APICHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of APICHA's compliance with those requirements.

In our opinion, APICHA complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2012.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Internal Control Over Compliance

The management of APICHA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered APICHA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 APICHA'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Jackson Friday CPA, LLC

New York, New York
September 28, 2012

**ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

Summary of Auditor's Results

SECTION I

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- ◆ Material weakness(es) identified _____ yes X no
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses _____ yes X none reported

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major programs: *Unqualified*

- ◆ Material weakness(es) identified _____ yes X no
- ◆ Reportable condition(s) identified that are not considered to be material weakness(es) _____ yes X none reported

Type of auditor's report issued on compliance for major programs. *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 _____ yes X no

**ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

FINDINGS RELATING TO COMPLIANCE REQUIREMENTS

-NONE-

FINDINGS RELATING TO INTERNAL CONTROL

-NONE-

**ASIAN AND PACIFIC ISLANDER COALITION ON HIV/AIDS, INC.
SCHEDULE OF AUDITOR FOLLOW-UP PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2012**

There were no prior year findings that required follow-up action procedures.