

AID GWINNETT, INC.

Providing HIV Prevention Education, Client Services,
Volunteer Programs, and Advocacy to:
Gwinnett, Rockdale, & Newton Counties

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2014
WITH
INDEPENDENT AUDITORS' REPORT**

**AID GWINNETT, INC.
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DECEMBER 31, 2014**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of AID Gwinnett, Inc. (the Agency) which comprise the statement of financial position as of December 31, 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.

Auditors' 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 AID Gwinnett, Inc. as of December 31, 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.

Report on Summarized Comparative Information

We have previously audited AID Gwinnett, Inc.'s 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 19, 2015, on our consideration of AID Gwinnett, 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 those reports 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. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AID Gwinnett, Inc.'s internal control over financial reporting and compliance.

Warren Averett, LLC

Atlanta, Georgia
June 19, 2015

AID GWINNETT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash	\$ 76,095	\$ 3,142
Clinic receivables	90,219	47,188
Grants receivable	352,370	295,136
Prepaid expenses	25,071	23,802
Property and equipment, net of accumulated depreciation	130,494	97,917
Deposits	2,000	2,000
Total assets	\$ 676,249	\$ 469,185
LIABILITIES		
Accounts payable and accrued liabilities	\$ 20,175	\$ 136,841
Deferred grant revenue	65,000	-
Line of credit	25,000	45,000
Total liabilities	110,175	181,841
NET ASSETS		
Temporarily restricted	236,995	94,334
Unrestricted	329,079	193,010
Total net assets	566,074	287,344
TOTAL LIABILITIES AND NET ASSETS	\$ 676,249	\$ 469,185

See notes to the financial statements.

AID GWINNETT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(with comparative totals for 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE				
Federal grants	\$ 2,600,555	\$ -	\$ 2,600,555	\$ 2,691,702
Contributions	57,229	375,446	432,675	186,339
Special events	23,106	-	23,106	31,083
Program income	416,676	-	416,676	203,259
Total public support and revenue	3,097,566	375,446	3,473,012	3,112,383
NET ASSETS RELEASED FROM RESTRICTIONS				
	232,785	(232,785)	-	-
Net public support and revenue	3,330,351	142,661	3,473,012	3,112,383
EXPENSES				
Program services				
Client services and housing	578,872	-	578,872	570,635
Medical services	1,891,370	-	1,891,370	1,795,346
HIV prevention education	538,716	-	538,716	650,299
Supporting services				
Management and general	159,989	-	159,989	92,844
Fundraising	25,335	-	25,335	18,300
Total expenses	3,194,282	-	3,194,282	3,127,424
Changes in net assets	136,069	142,661	278,730	(15,041)
NET ASSETS AT				
BEGINNING OF YEAR	193,010	94,334	287,344	302,385
END OF YEAR	\$ 329,079	\$ 236,995	\$ 566,074	\$ 287,344

See notes to the financial statements.

AID GWINNETT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(with comparative totals for 2013)

	2014					2013	
	Program Services			Supporting Services		Total Expenses	Total Expenses
	Client Services and Housing	Medical Services	HIV Prevention Education	Management and General	Fund Raising		
Salaries	\$ 302,899	\$ 453,672	\$ 296,821	\$ 42,570	\$ 16,560	\$ 1,112,522	\$ 1,144,017
Payroll taxes	23,335	34,950	22,866	3,279	1,276	85,706	86,453
Employee benefits	49,054	73,471	48,070	6,894	2,682	180,171	141,823
Total salaries and related expenses	375,288	562,093	367,757	52,743	20,518	1,378,399	1,372,293
Contract services	1,600	657,502	2,178	52,324	-	713,604	760,862
Pharmacy	-	319,537	-	-	-	319,537	184,990
Supplies	4,743	123,112	89,489	6,973	1,808	226,125	267,467
Rent and utilities	35,160	78,484	36,764	1,843	-	152,251	149,458
Office expense	6,277	64,937	18,424	22,090	2,120	113,848	71,463
Housing assistance	87,075	-	-	-	-	87,075	114,070
Transportation expense	8,672	41,795	11,579	6,518	577	69,141	58,375
Insurance	5,932	13,866	1,136	3,362	-	24,296	21,673
Professional fees	-	12,804	92	7,660	-	20,556	31,079
Other	270	6,095	5,538	3,983	-	15,886	18,564
Telephone expense	881	9,748	4,126	293	176	15,224	14,318
Nutrition	13,936	230	-	-	-	14,166	16,559
Printing	360	1,167	1,633	361	136	3,657	7,425
Interest expense	-	-	-	1,839	-	1,839	2,008
Total expenses before depreciation	540,194	1,891,370	538,716	159,989	25,335	3,155,604	3,090,604
Depreciation	38,678	-	-	-	-	38,678	36,820
TOTAL EXPENSES	\$ 578,872	\$ 1,891,370	\$ 538,716	\$ 159,989	\$ 25,335	\$ 3,194,282	\$ 3,127,424
PERCENTAGE OF TOTAL EXPENSES	18%	59%	17%	5%	1%	100%	

See notes to the financial statements.

AID GWINNETT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 278,730	\$ (15,041)
Adjustments to reconcile changes in net assets to cash provided by (used in) operating activities		
Depreciation	38,678	36,820
(Increase) decrease in:		
Clinic receivables	(43,031)	(24,363)
Grants receivable	(57,234)	(80,556)
Prepaid expenses	(1,269)	376
Increase in:		
Accounts payable and accrued liabilities	(116,666)	43,631
Advance from agency	65,000	-
Net cash provided by (used in) operating activities	164,208	(39,133)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(71,255)	(91,643)
Net cash used in investing activities	(71,255)	(91,643)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayments) draws on line of credit	(20,000)	15,000
Net cash (used in) provided by financing activities	(20,000)	15,000
NET INCREASE (DECREASE) IN CASH	72,953	(115,776)
CASH AT BEGINNING OF YEAR	3,142	118,918
CASH AT END OF YEAR	\$ 76,095	\$ 3,142
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid during the year for interest	\$ 1,839	\$ 2,008

See notes to the financial statements.

AID GWINNETT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. ORGANIZATION

AID Gwinnett, Inc. (the Agency) is a not-for-profit organization incorporated on September 26, 1991 under the laws of the State of Georgia. The Agency is a community based agency organized to respond with compassion and sensitivity to the HIV/AIDS epidemic through support, advocacy, education, and collaboration with other agencies. Client support services include medical care, long term housing, emergency housing assistance, emergency shelter, medical case management, education, counseling, transportation and nutrition. Public awareness and education include adult and youth education programs, newsletters, and community advocacy. The Agency provides services to individuals in 20 Metro Atlanta Counties. It is supported primarily by contributions and grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Agency prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities Presentation of Financial Statements*. Under FASB ASC 958, the Agency reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2014 and 2013, the Agency did not have any permanently restricted net assets.

Contributions

Contributions are recorded and presented in accordance with FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. During the years ended December 31, 2014 and 2013, the Agency did not receive any permanently restricted contributions. (See Note 6)

Contributions received are recorded when the promise is made and are normally receivable within a year. The Agency did not have any contributions receivable at December 31, 2014 and 2013. Grants receivable relate to reimbursement basis grants and are recorded when related expenditures are made. (See Note 7) The Agency uses the allowance method to account for uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. Management did not believe that an allowance was necessary at December 31, 2014 or 2013. Deferred grant revenue relates to grant proceeds received before expenditures were made. They are expected to be recognized within the next year.

AID GWINNETT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Clinic Revenue and Receivables

Clinic fees are recognized when services are delivered. Clinic receivables are net of an allowance for doubtful accounts of \$771 at December 31, 2014 and 2013. The Agency uses the allowance method to account for uncollectible receivables. The allowance is based on prior years' experience and management's analysis of possible bad debts. Receivables are considered past due after 90 days. It is the Agency's policy to charge off uncollectible clinic receivables when management determines the receivable will not be collected.

Property and Equipment

The Agency capitalizes all expenditures for property, furniture, fixtures and equipment in excess of \$500. Property and equipment are recorded at cost or fair market value, if donated, and are depreciated using straight line methods over their estimated useful lives. (See Note 3)

Contributed Services

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no contributed services recognized for the years ended December 31, 2014 and 2013.

Many individuals volunteer their time and perform a variety of tasks that assist the Agency's clients and fund raising activities. The Agency receives approximately 3,100 volunteer hours per year that are not valued in the financial statements.

Tax Status

The Agency is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509 (a) of the U.S. Internal Revenue Code. The Agency qualifies for the charitable contribution deduction.

Management does not believe there are any uncertain tax positions at December 31, 2014 as defined by FASB ASC 740, *Income Taxes*. The Agency could be subject to income tax examinations for its US federal tax filings for the current tax year and previous filings for years ended in 2013, 2012, and 2011 still open under the statute of limitations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

AID GWINNETT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Comparative Statements

The amounts shown for the year ended December 31, 2013 in the accompanying financial statements are included to provide a basis for comparison with 2014 and present summarized totals only. Accordingly, the 2013 totals are not intended to present all information necessary for a fair presentation in conformity with GAAP. Such information such be read in conjunction with the financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Financial Instruments

Financial instruments, principally receivables, accounts payable and line of credit are reported at values which the Agency believes are not significantly different from fair values. The Agency believes no significant credit risk exists with respect to any of its financial instruments. The Company maintains cash balances with a financial institution. Deposit accounts at the institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). No such exposure existed at December 31, 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between December 31, 2014 and June 19, 2015, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets (primarily five years). Property and equipment consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Vehicle	\$ 35,070	\$ 35,070
Computer equipment and software	280,068	222,109
Furniture and fixtures	103,846	97,689
Leasehold improvements	<u>89,457</u>	<u>89,457</u>
	508,441	444,325
Less accumulated depreciation	<u>(377,947)</u>	<u>(346,408)</u>
	<u>\$ 130,494</u>	<u>\$ 97,917</u>

**AID GWINNETT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

3. PROPERTY AND EQUIPMENT – CONTINUED

Depreciation expense of \$38,678 and \$36,820 was recorded for the years ended December 31, 2014 and 2013, respectively.

4. LINE OF CREDIT

At December 31, 2014 the Agency had a line of credit with a bank for \$60,000. The line was renewed upon maturity in March 2014 for \$40,000. The line accrues interest monthly at 5.5%, matures in April 2015 and is guaranteed by three board members. At December 31, 2014 and 2013, the outstanding balance was \$25,000 and \$45,000, respectively.

5. OPERATING LEASES

The Agency leases office and clinic space, and certain office equipment, under non-cancellable operating leases through November 2019. Rent expense for the years ended December 31, 2014 and 2013 amounted to approximately \$187,000 and \$165,000, respectively.

Future minimum rental payments required under the leases are as follows:

2015	\$	177,589
2016		155,942
2017		35,892
2018		22,398
2019		7,420

6. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2014 and 2013 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Clinic expansion	\$ 126,750	\$ -
Medical services	104,298	87,133
Technology	2,773	3,500
Prevention	2,258	2,135
Housing	916	1,566
	<u>\$ 236,995</u>	<u>\$ 94,334</u>

**AID GWINNETT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

7. GRANTS FROM GOVERNMENT AGENCIES

The Agency is the recipient of federal financial assistance from several government agencies. The balances of these grants and awards as of December 31, 2014 are as follows:

	<u>Cumulative Awards</u>	<u>Cumulative Expenditures Incurred</u>	<u>Available Funds On Grants</u>
Department of Housing and Urban Development – federal grants	\$ 1,341,933	\$ 778,920	\$ 563,013
Department of Health and Human Services – federal grants	<u>4,684,589</u>	<u>3,805,333</u>	<u>879,256</u>
	<u>\$ 6,026,522</u>	4,584,253	<u>\$ 1,442,269</u>
Less expenditures related to prior year		<u>1,983,698</u>	
Federal revenue for the year ended December 31, 2014		<u>\$ 2,600,555</u>	

8. EMPLOYEE BENEFIT PLAN

Effective April 2008 the Agency adopted a 401(k) plan (the Plan) for those employees who meet the eligibility requirements set forth in the Plan. All Plan participants are allowed to contribute any amount up to the legal maximum allowed. The Agency matches 100% of the first 4% of a participant's compensation deferred to the Plan. Senior staff receive an additional 1% and the Executive Director/CEO receives an additional 3%. Employer contributions amounted to approximately \$41,000 for each of the years ended December 31, 2014 and 2013.

9. SUBSEQUENT EVENT

Effective March 1, 2015, AID Gwinnett, Inc. (AGI) and Positive Impact, Inc. (PI) completed a merger of their operations. AID Gwinnett's tax ID was the surviving tax ID. As a result of the merger, the combined organization has been renamed Positive Impact Health Centers, Inc. Through their merger, the organizations seek to further their common mission as a comprehensive provider of HIV care in the Atlanta metropolitan region.

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

We have audited the financial statements of AID Gwinnett, Inc. as of and for the year ended December 31, 2014, and have issued our report thereon dated June 19, 2015, which contained an unmodified opinion on those financial statements and appears on pages 1 and 2. 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 U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis, and is not a required part of the basic 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.

Warren Averett, LLC

Atlanta, Georgia
June 19, 2015

AID GWINNETT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development passed through City of Atlanta/Housing Opportunities for People with AIDS	14.241	\$ 670,933	\$ 190,590
U.S. Department of Housing and Urban Development passed through City of Atlanta/Housing Opportunities for People with AIDS	14.241	671,000	<u>109,477</u>
	Subtotal 14.241		<u>300,067</u>
U.S. Department of Health and Human Services/Ryan White Part A	93.914	831,729	295,944
U.S. Department of Health and Human Services/Ryan White Part A	93.914	975,037	532,685
U.S. Department of Health and Human Services/Ryan White Part A	93.914	12,800	<u>9,193</u>
	Subtotal 93.914		<u>837,822</u>
U.S. Department of Health and Human Services/Ryan White Part B	93.917	400,474	98,633
U.S. Department of Health and Human Services/Ryan White Part B	93.917	422,776	<u>282,461</u>
	Subtotal 93.917		<u>381,094</u>
U.S. Department of Health and Human Services/Ryan White Part C	93.918	518,122	168,470
U.S. Department of Health and Human Services/Ryan White Part C	93.918	505,689	322,153
U.S. Department of Health and Human Services/Ryan White Part C	93.918	87,938	<u>87,284</u>
	Subtotal 93.918		<u>577,907</u>

See accompanying notes.

AID GWINNETT, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services passed through Georgia Department of Human Resources/ HIV Prevention Activities – Health Department Based	93.940	\$ 100,025	\$ 99,100
U.S. Department of Health and Human Services passed through Center for Disease Control	93.940	63,168	63,354
U.S. Department of Health and Human Services passed through Center for Disease Control	93.940	31,584	<u>32,323</u>
	Subtotal 93.940		<u>194,777</u>
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	308,675	152,265
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	312,026	<u>156,623</u>
	Subtotal 93.939		<u>308,888</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 2,600,555</u></u>

See accompanying notes.

AID GWINNETT, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of AID Gwinnett, Inc. under programs of the federal government for the year ended December 31, 2014. 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*. Because the Schedule presents only a selected portion of the operations of AID Gwinnett, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of AID Gwinnett, Inc.

**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**

To the Board of Directors
AID Gwinnett, Inc.
Duluth, 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 AID Gwinnett, Inc. (the Agency) (a nonprofit organization), which comprise the statement of financial position as of December 31, 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, and have issued our report thereon dated June 19, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 the Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Atlanta, Georgia
June 19, 2015

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

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

Report on Compliance for Each Major Federal Program

We have audited AID Gwinnett, Inc.'s (the Agency) (a nonprofit organization) 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 its major federal programs for the year ended December 31, 2014. The Agency'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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency'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 Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency 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, 2014.

Report on Internal Control over Compliance

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

Warren Averett, LLC

Atlanta, Georgia
June 19, 2015

AID GWINNETT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of AID Gwinnett, Inc.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of AID Gwinnett, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported.
5. The auditors' report on compliance for the major federal awards programs for AID Gwinnett, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was:
 - 93.917 HIV Care formula grant – U.S. Department of Health and Human Services
 - 93.939 HIV Prevention Projects – HIV Prevention Projects
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. AID Gwinnett, Inc. was determined to be a low risk auditee.

Findings – Financial Statement Audit

None.

Finding and Questioned Costs – Major Federal Award Programs Audit

None.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
AID Gwinnett, Inc.
Duluth, Georgia

We have audited the financial statements of AID Gwinnett, Inc. as of and for the year ended December 31, 2014, and have issued our report thereon dated June 19, 2015, which contained an unmodified opinion on those financial statements and appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary material on pages 22 and 23 is presented for the purpose 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.

Warren Averett, LLC

Atlanta, Georgia
June 19, 2015

**AID GWINNETT, INC.
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

		<u>Total Budgets</u>	<u>Cash Receipts</u>	<u>Expenditures Incurred</u>	<u>Balance due from State</u>
Georgia Department of Human Resources/					
HIV Prevention Activities					
Contract # 40500-044-15151473	Contract year – 09/29/14-09/28/15	\$ 77,453	\$ -	\$ -	\$ -
Contract # 40500-044-14130842	Contract year – 11/01/14-12/31/14	100,025	78,271	99,100	20,829
TOTAL		<u>\$ 177,478</u>	<u>\$ 78,271</u>	<u>\$ 99,100</u>	<u>\$ 20,829</u>

**AID GWINNETT, INC.
PROGRAM INCOME DISTRIBUTION
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Ryan White Part A	Ryan White Part B	Ryan White Part C	Other	Total Program Income
340b income	\$ -	\$ -	\$ 321,506	\$ -	\$ 321,506
Clinic insurance	14,654	5,275	9,379	-	29,308
Patient income	13,950	5,022	8,928	-	27,900
Clinic Medicare	11,985	4,315	7,670	-	23,970
Clinic Medicaid	3,422	1,232	2,190	-	6,844
Targeted case management	-	2,814	-	-	2,814
Clinic medical records	354	127	227	-	708
Training income	801	288	512	-	1,601
Testing income	-	-	-	2,025	2,025
	<u>\$ 45,166</u>	<u>\$ 19,073</u>	<u>\$ 350,412</u>	<u>\$ 2,025</u>	<u>\$ 416,676</u>