

**AIDS PROJECT OF THE OZARKS, INC.**

**AUDITED FINANCIAL STATEMENTS**

**Year Ended December 31, 2014**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
AIDS Project of the Ozarks, Inc.  
Springfield, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of AIDS Project of the Ozarks, Inc. (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.

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

Board of Directors  
AIDS Project of the Ozarks, Inc.  
Springfield, Missouri

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 Project of the Ozarks, Inc. as of December 31, 2014, and the changes in 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 also 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 August 16, 2015, on our consideration of AIDS Project of the Ozarks, 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 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* in considering AIDS Project of the Ozarks, Inc.'s internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
August 16, 2015

AIDS PROJECT OF THE OZARKS, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2014

ASSETS

Current Assets

Cash and cash equivalents	\$ 550,039
Investments	363,831
Inventory	153,150
Accounts receivable	41,072
Grants receivable	67,568
Prepaid expenses	15,545

TOTAL CURRENT ASSETS 1,191,205

Restricted investment - endowment 9,898

Property and Equipment

Cost	302,433
Less accumulated depreciation	(175,526)

TOTAL PROPERTY AND EQUIPMENT 126,907

TOTAL ASSETS 1,328,010

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	47,759
Accrued payroll taxes	8,535
Accrued vacation payable	70,111
Accrued salaries	24,086
Deferred revenue	63,318

TOTAL LIABILITIES 213,809

Net Assets

Unrestricted	1,104,303
Permanently restricted	9,898

TOTAL NET ASSETS \$ 1,114,201

See accompanying notes.

AIDS PROJECT OF THE OZARKS, INC.  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>				
Federal grants	\$ 2,543,914	\$ -	\$ -	\$ 2,543,914
Contributions	39,525	-	-	39,525
Program service fees	2,262,174	-	-	2,262,174
Fundraising events	53,460	-	-	53,460
Other revenue	1,407	-	-	1,407
Interest and dividends	2,941	-	62	3,003
Net assets released from restrictions	2,600	(2,600)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>4,906,021</b>	<b>(2,600)</b>	<b>62</b>	<b>4,903,483</b>
<b>EXPENSES</b>				
Program Services				
Primary care and early intervention	1,563,695	-	-	1,563,695
Other programs	2,343,335	-	-	2,343,335
Support Services				
Management and general	383,126	-	-	383,126
Fundraising	12,751	-	-	12,751
<b>TOTAL EXPENSES</b>	<b>4,302,907</b>	<b>-</b>	<b>-</b>	<b>4,302,907</b>
<b>CHANGE IN NET ASSETS BEFORE OTHER EXPENSES</b>	<b>603,114</b>	<b>(2,600)</b>	<b>62</b>	<b>600,576</b>
<b>OTHER REVENUE/(EXPENSE)</b>				
Net realized and unrealized (loss)	(3,173)	-	(164)	(3,337)
(Loss) on disposal of assets	(1,689)	-	-	(1,689)
<b>TOTAL OTHER (EXPENSE)</b>	<b>(4,862)</b>	<b>-</b>	<b>(164)</b>	<b>(5,026)</b>
<b>CHANGE IN NET ASSETS</b>	<b>598,252</b>	<b>(2,600)</b>	<b>(102)</b>	<b>595,550</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>516,051</b>	<b>2,600</b>	<b>-</b>	<b>518,651</b>
<b>RECLASSIFICATION OF NET ASSETS</b>	<b>(10,000)</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,104,303</b>	<b>\$ -</b>	<b>\$ 9,898</b>	<b>\$ 1,114,201</b>

See accompanying notes.

AIDS PROJECT OF THE OZARKS, INC.  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Federal grants	\$ 2,516,941
Contributions	39,525
Program fees	2,645,370
Other income	51,392
Interest income	3,003
Salaries and related expenditures	(1,875,478)
Professional fees	(799,306)
Other operating expenses	(2,021,849)

NET CASH PROVIDED BY OPERATING ACTIVITIES 559,598

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(71,907)
Loss on disposal of assets	1,689
Purchase of investments	(377,066)

NET CASH (USED) BY INVESTING ACTIVITIES (447,284)

NET INCREASE IN CASH 112,314

CASH BALANCE, Beginning of year 437,725

CASH BALANCE, End of year \$ 550,039

CHANGE IN NET ASSETS \$ 595,550

Adjustment to reconcile changes in net assets  
to net cash provided by operating activities:

Depreciation	27,582
(Increase) in inventory	(153,150)
Decrease in accounts receivable	298,648
(Increase) in grants receivable	(13,678)
(Increase) in prepaid expenses	(4,201)
(Decrease) in accounts payable	(174,022)
(Decrease) in payroll taxes payable	(26,514)
Increase in accrued vacation payable	14,754
Increase in accrued salaries payable	4,587
(Gain) on sales of securities	(4,241)
Unrealized loss on sales of securities	7,578
(Decrease) in deferred revenue	(13,295)

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 559,598

Interest expense \$ -

Non-cash transactions \$ -

See accompanying notes.

AIDS PROJECT OF THE OZARKS, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 Year Ended December 31, 2014

	Program Services		Supporting Services		Total Expenditures
	Primary Care and Early Intervention	Other Programs	Management and General	Fundraising	
Salaries and related expenses	\$ 1,149,950	\$ 504,301	\$ 212,035	\$ -	\$ 1,866,286
Professional fees	282,937	433,759	7,797	-	724,493
Contract services	2,447	35,595	9,084	-	47,126
Occupancy	-	31,017	102,449	-	133,466
Telephone and pagers	-	24,791	3,310	-	28,101
Equipment and supplies	14,242	45,522	9,185	12,327	81,276
Depreciation	-	27,582	-	-	27,582
Client assistance	7,394	4,744	-	-	12,138
Medications	98,626	976,285	-	-	1,074,911
Nutritional supplements	7,081	-	-	-	7,081
Conferences and meetings	-	95,571	7,617	-	103,188
Transportation	-	25,448	560	324	26,332
Taxes and licenses	-	-	38	-	38
Miscellaneous	378	5,123	6,248	100	11,849
Insurance	-	6,396	4,266	-	10,662
Outreach	-	100,872	-	-	100,872
Repairs and maintenance	-	12,416	16,215	-	28,631
Postage and shipping	604	4,700	2,406	-	7,710
Printing and publications	36	9,213	1,916	-	11,165
TOTAL	<u>\$ 1,563,695</u>	<u>\$ 2,343,335</u>	<u>\$ 383,126</u>	<u>\$ 12,751</u>	<u>\$ 4,302,907</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AIDS Project of the Ozarks, Inc. is a nonprofit corporation primarily providing early clinical care for HIV/AIDS patients. The Organization also provides case management for HIV/AIDS patients and public education concerning the AIDS virus. The majority of funding comes from federal government grants. The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Accounting and Financial Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statement presentation follows FASB Accounting Standards Codification (ASC) 958-205 and subsections; the Organization is required to report 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. In addition, the Organization is required to present a statement of cash flows.

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 these estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the financial statement date to be cash equivalents.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program are directly charged according to their natural expenditures classification. Various statistical methods are used to allocate other expenses that are common to several programs.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal programs for the Organization, as reported on the functional expense statement, are as follows:

Primary Care and Early Intervention – includes all costs relating to direct client assistance and community education.

Other programs – includes non-administrative costs related to the support of client programs.

Advertising

Costs for advertising are expensed as incurred.

Property and Equipment

Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. These assets have been recorded at historical cost. It is the policy of the Organization to capitalize expenditures for equipment, furniture and fixtures in excess of \$500 per item. Interest costs are capitalized when incurred on debt where the proceeds were used to finance the construction of assets. No interest was capitalized during the year ended December 31, 2014.

Accounts Receivable

The Organization receivables consist primarily of State and Federal grant receivables.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period as the contribution is received, the Organization reports the support as unrestricted.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 restrictions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions of donated non-cash assets are recorded at their fair values in the period received. There was no temporarily or permanently restricted revenue or net assets during the current year.

Income Taxes

The Organization adopted the provisions of FASB standard on *Accounting for Uncertainty in Income Taxes* (ASC 740-10-25), on January 1, 2009. Under this standard, an organization shall initially recognize the financial statement effects on a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The implementation of this standard had no effect on the Organization's financial statements. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of this standard. For the year ended December 31, 2014, there were no interest or penalties recorded or included in its financial statements.

Subsequent Events

Management has evaluated subsequent events through August 16, 2015, the date the financial statements were available to be issued.

NOTE B – ENDOWMENT FUND

The Organization's Endowment Fund includes Board-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment funds are classified and reported based on the existence or absence of Board-imposed restrictions.

NOTE B – ENDOWMENT FUND (continued)

Interpretation of Relevant Law

The Organization has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diverse asset allocation that places greater emphasis on equity-based investments, (70%) to achieve its long-term return objectives within prudent risk constraints.

AIDS PROJECT OF THE OZARKS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014

NOTE B – ENDOWMENT FUND (continued)

Endowment net assets by fund as of December 31, 2014, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ -	\$ -	\$ 9,898	\$ 9,898

Changes in endowment net assets for the year ended December 31, 2014, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 10,000	\$ 2,600	\$ -	\$ 12,600
Net asset reclassification	(10,000)	(2,600)	10,000	(2,600)
Investment return:				
Investment income	-	-	62	62
Net loss (realized and unrealized)	-	-	(164)	(164)
Total investment return	-	-	(102)	(102)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,898</u>	<u>\$ 9,898</u>

NOTE C – GRANTS RECEIVABLE

Grants receivable at December 31, 2014, consist of amounts due from funding sources on the balance of open contracts.

	<u>2014</u>
Federal and State Grants Receivable	<u>\$ 67,568</u>

AIDS PROJECT OF THE OZARKS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014

NOTE D – PREPAID EXPENSES

Prepaid expense includes insurance paid in advance on health and dental insurance, vehicles, directors and officers, and property and casualty for the Organization. The balance of prepaid expenses at December 31, 2014 is \$15,545.

NOTE E – DEFERRED REVENUE

Deferred revenue represents funds which are available for use in future periods, but have not been earned by the Organization as of December 31, 2014. At December 31, 2014, those amounts were \$63,171 relating to Greene County Case Management and \$147 relating to Greene County HOPWA.

NOTE F – PROPERTY AND EQUIPMENT

The cost and accumulated depreciation of building improvements and equipment were as follows:

Description	Carrying Value	Depreciable Lives
Vehicles	\$ 38,499	5 years
Office furniture and equipment	190,033	5-10 years
Computer software	22,091	3 years
Leasehold improvements	51,810	5-7 years
	302,433	
Less: Accumulated Depreciation	(175,526)	
	\$ 126,907	

Depreciation charged to expense for the year ended December 31, 2014, was \$27,582. At December 31, 2014, the Organization held assets with a net book value of \$28,910, which have restrictions regarding their disposal. The proceeds from the sale of any of these assets must be remitted to the granting agency.

NOTE G – RISK MANAGEMENT

The Organization receives a large percentage of its revenues from various sources within the federal and state governments. If those contracts were not renewed for any reason, or if the receivables in connection with services rendered became uncollectible, the effect to the agency would be significant.

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and investments at financial institutions. At times, the balances in cash and investment accounts may be in excess of FDIC insurance limits. Management continuously monitors the Organization’s balances at financial institutions and invests excess operating cash in short-term investments. As of December 31, 2014, all bank balances on deposit at Commerce Bank exceed insurance limits by \$64,077 and at Empire Bank by \$57,875, and therefore were not entirely insured or collateralized.

NOTE H – CONTINGENCIES

The Organization receives federal grants for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or withholding of future funding for expenditures disallowed or for other noncompliance with terms of the grants. The amounts, if any, of expenditures which may be disallowed cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

NOTE I – INVENTORIES

The Organization participates in the 340b Program and maintains an inventory of various pharmaceutical supplies. At December 31, 2014, 340b Program Inventory was valued at a cost basis of \$153,150.

NOTE J – INVESTMENTS

Investments at December 31, 2014, consisted of the following:

	2014	
	Cost	Level 1 Fair Value
Assets held at the Community Foundation	\$ 375,000	\$ 373,729

NOTE J – INVESTMENTS (continued)

Investments in general are exposed to various risks, such as interest rate risk, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.) The Organization has no Level 2 assets.

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments). The Organization has no Level 3 assets.

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments.

NOTE K – OPERATING LEASES

The Organization leases equipment and conducts its operations from office spaces leased under agreements as detailed below:

Description	Property Location	Contract Starting Date	Contract Ending Date	Monthly Payment Amount
Walker Investments Properties	Springfield, MO	4/1/2013	3/31/2015	\$ 8,400
Howell County Health Department	West Plains, MO	3/1/2013	2/28/2015	600
Panther Associates, LLC	Springfield, MO	9/1/2012	8/31/2015	1,600
Pitney Bowes K7MO postage meter	Springfield, MO	1/1/2010	3/31/2015	36
Hooper Properties, LLC	Waynesville, MO	7/1/2014	6/30/2015	550

AIDS PROJECT OF THE OZARKS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014

NOTE K – OPERATING LEASES (continued)

Future minimum lease payments under these leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	<u>\$ 42,608</u>

The total amount of expense under these operating leases for the year ended December 31, 2014, was \$133,053.

NOTE L – RELATED PARTY TRANSACTIONS

The Organization purchases medications at Grove Pharmacy which is owned by Gary Grove, treasurer of the Board. During the year, \$65,060 of medications were purchased at Grove Pharmacy.

Additionally, the Organization operates a 340B Pharmacy Program which contracts pharmacy services from Grove Pharmacy. This is a federal program which allows agencies receiving funds through Ryan White grants to receive discounted prices for certain pharmaceuticals. When a qualifying agency does not have an in-house pharmacy, those services may be contracted out. Grove Pharmacy was selected through a bid process. In addition to their bid being the most cost effective, the pharmacy served the largest percentage of 340b eligible clients. Therefore, Grove Pharmacy was selected as the contract pharmacy for the Organization under the program. As a part of this contract, Grove Pharmacy received \$256,473 in dispensing fees for the fiscal year. After expenses, the 340b Pharmacy Program resulted in \$753,125 of additional funding to Aids Project of the Ozarks, Inc., for the fiscal year ended December 31, 2014. During the fiscal year ended December 31, 2014, the Organization paid Grove Pharmacy \$321,533 for the two purposes.

NOTE M – OPEN TAX YEARS

The Organization’s informational and tax returns are subject to examination by taxing authorities for a period of 3 years from the date they are filed. As of December 31, 2014, the following tax years are subject to examination:

Jurisdiction	Open Years for Filed Returns	Return to be filed in 2015
Federal	2011-2013	2014
Missouri	2011-2013	2014

## **OTHER FINANCIAL INFORMATION**



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

Board of Directors  
AIDS Project of the Ozarks, Inc.  
Springfield, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the AIDS Project of the Ozarks, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 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 August 16, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered AIDS Project of the Ozarks, 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 the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

Board of Directors  
AIDS Project of the Ozarks, Inc.  
Springfield, Missouri

Our consideration of the 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 the internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **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.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
August 16, 2015



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

Board of Directors  
AIDS Project of the Ozarks, Inc.  
Springfield, Missouri

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of AIDS Project of the Ozarks, Inc. 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 Project of the Ozarks' major federal programs for the year ended December 31, 2014. The Organization'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 major federal programs.

**Auditors' Responsibility**

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

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

Board of Directors  
AIDS Project of the Ozarks, Inc.  
Springfield, Missouri

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

In our opinion, AIDS Project of the Ozarks, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a material effect on each of its major federal programs for the year ended December 31, 2014.

### **Report on Internal Control over Compliance**

The management of AIDS Project of the Ozarks, 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 Project of the Ozarks, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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 the Organization's internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify deficiencies in internal control that might be 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. 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.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
August 16, 2015

AIDS PROJECT OF THE OZARKS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2014

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Program			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	\$ 937,516
Kansas City Free Health Clinic Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	N/A	118,654
Missouri Department of Health and Senior Services HIV Prevention Activities - Health Department Based	93.940	C310135001	193,656
HIV Prevention Activities - Health Department Based	93.940	C314075001	79,551
City of Springfield/Greene County Health Department HIV Care Formula Grants	93.917	2012-0339	<u>1,036,789</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,366,166
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Missouri Department of Health and Senior Services Interfaith Residence DBA Doorways Housing Opportunities for Persons with AIDS	14.241	2012-0039	<u>65,303</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>65,303</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,431,469</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- A. This schedule includes the federal awards activity of AIDS Project of the Ozarks, Inc., 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.
- B. AIDS Project of the Ozarks, Inc. did not provide a federal award to a subrecipient during the year ended December 31, 2014.

AIDS PROJECT OF THE OZARKS, INC.  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion, on the basic financial statements presented on the accrual basis of accounting.
2. No material weaknesses or significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No material weaknesses or significant deficiencies were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. There were no findings required to be reported in accordance with Section 510(a) of Circular A-133.
7. The programs tested as major programs were:

Outpatient Early Intervention Services with Respect to HIV Disease	93.918
HIV Care Formula Grants	93.917
8. The threshold for determining a Type A program was \$300,000.
9. The Organization was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the major federal award programs.

AIDS PROJECT OF THE OZARKS, INC.  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2014

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year audit findings.