

PHILADELPHIA FIGHT

FINANCIAL REPORT
June 30, 2012

PHILADELPHIA FIGHT

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Independent Auditor's Report

Board of Directors
Philadelphia FIGHT
Philadelphia, PA

We have audited the accompanying statement of financial position of Philadelphia FIGHT 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 Philadelphia FIGHT'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 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 Philadelphia FIGHT 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 our report dated December 27, 2012 on our consideration of Philadelphia FIGHT'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 the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


SNYDER, DAITZ & COMPANY

December 27, 2012

PHILADELPHIA FIGHT
STATEMENT OF FINANCIAL POSITION
June 30, 2012

ASSETS

CURRENT ASSETS

| | | |
|------------------------|----|-----------|
| Cash | \$ | 1,215,843 |
| Certificate of deposit | | 200,271 |
| Accounts receivable | | 2,189,513 |
| Grants receivable | | 65,912 |
| Inventory | | 7,328 |
| Prepaid expenses | | 66,282 |

| | | |
|----------------------|----|------------------|
| Total Current Assets | \$ | <u>3,745,149</u> |
|----------------------|----|------------------|

NONCURRENT ASSETS

| | | |
|-----------------------------------|----|---------|
| Fixed assets, net of depreciation | \$ | 290,142 |
| Security deposits | | 51,211 |

| | | |
|--|----|----------------|
| | \$ | <u>341,353</u> |
|--|----|----------------|

| | | |
|--------------|----|------------------|
| Total Assets | \$ | <u>4,086,502</u> |
|--------------|----|------------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|---------------------------------------|----|---------|
| Accounts payable and accrued expenses | \$ | 737,869 |
|---------------------------------------|----|---------|

| | | |
|---------------------------|----|----------------|
| Total Current Liabilities | \$ | <u>737,869</u> |
|---------------------------|----|----------------|

NET ASSETS

| | | |
|------------------------|----|-----------|
| Unrestricted | \$ | 3,241,824 |
| Temporarily restricted | | 106,809 |

| | | |
|--|----|------------------|
| | \$ | <u>3,348,633</u> |
|--|----|------------------|

| | | |
|----------------------------------|----|------------------|
| Total Liabilities and Net Assets | \$ | <u>4,086,502</u> |
|----------------------------------|----|------------------|

The accompanying notes are an integral part of this statement.

PHILADELPHIA FIGHT
STATEMENT OF ACTIVITIES
Year ended June 30, 2012

| | Unrestricted | Temporarily Restricted | Total |
|--------------------------------------------|----------------------|---------------------------|----------------------|
| <u>REVENUE</u> | | | |
| Government | | | |
| Philadelphia Department of Public Health | \$ 2,480,946 | | \$ 2,480,946 |
| US Department of Health and Human Services | 942,259 | | 942,259 |
| Philadelphia Department of Human Services | 162,002 | | 162,002 |
| Other | 1,254,068 | | 1,254,068 |
| Other grants and contributions | 232,165 | \$ 5,912 | 238,077 |
| Industry studies | 209,990 | | 209,990 |
| Patient fees and insurance | 10,039,094 | | 10,039,094 |
| Interest income | 3,600 | | 3,600 |
| Miscellaneous | 25,410 | | 25,410 |
| Net assets released from restriction | 176,194 | (176,194) | 0 |
| Total Revenue | <u>\$ 15,525,728</u> | <u>\$ (170,282)</u> | <u>\$ 15,355,446</u> |
| <u>EXPENSES</u> | | | |
| Educational programs | \$ 2,974,492 | | \$ 2,974,492 |
| YHEP | 717,117 | | 717,117 |
| Client services | 666,062 | | 666,062 |
| Patient services | 9,220,980 | | 9,220,980 |
| Total Program Expenses | \$ 13,578,651 | 0 | \$ 13,578,651 |
| Administrative expenses | 1,043,514 | | 1,043,514 |
| Fundraising expenses | 105,677 | | 105,677 |
| Total Expenses | <u>\$ 14,727,842</u> | <u>0</u> | <u>\$ 14,727,842</u> |
| Change in Net Assets | \$ 797,886 | \$ (170,282) | \$ 627,604 |
| Net Assets, Beginning | 2,443,938 | 277,091 | 2,721,029 |
| Net Assets, Ending | <u>\$ 3,241,824</u> | <u>\$ 106,809</u> | <u>\$ 3,348,633</u> |

The accompanying notes are an integral part of this statement.

PHILADELPHIA FIGHT

STATEMENT OF FUNCTIONAL EXPENSES Year ended June 30, 2012

| | Education Programs | Y-HEP | Client Services | Patient Services | Total Programs | Administration | Fundraising | Total |
|---------------------------|----------------------------|--------------------------|--------------------------|----------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|
| Salaries | \$ 1,251,984 | \$ 433,056 | \$ 450,803 | \$ 1,844,469 | \$ 3,980,312 | \$ 412,637 | \$ 32,664 | \$ 4,425,613 |
| Payroll taxes and fringes | 306,639 | 102,118 | 111,228 | 448,814 | 968,799 | 189,578 | 8,063 | 1,166,440 |
| Consultants | 422,962 | 30,120 | 0 | 162,877 | 615,959 | 6,951 | 1,250 | 624,160 |
| Lab costs | 0 | 5,475 | 0 | 87,283 | 92,758 | 0 | 0 | 92,758 |
| Costs of drugs sold | 0 | 0 | 0 | 4,172,866 | 4,172,866 | 0 | 0 | 4,172,866 |
| Patient expenses | 365 | 2,500 | 52 | 1,886,567 | 1,889,484 | 0 | 0 | 1,889,484 |
| Program supplies | 173,020 | 10,859 | 3,334 | 33,771 | 220,984 | 12,188 | 8,593 | 241,765 |
| Occupancy | 202,749 | 62,658 | 38,995 | 270,254 | 574,656 | 41,522 | 23,961 | 640,139 |
| Communication | 32,896 | 10,626 | 6,610 | 22,523 | 72,655 | 15,502 | 463 | 88,620 |
| Equipment expense | 328,211 | 13,785 | 21,420 | 79,291 | 442,707 | 38,327 | 0 | 481,034 |
| Travel | 85,164 | 27,353 | 22,541 | 48,088 | 183,146 | 7,835 | 2,519 | 193,500 |
| Other operating expenses | 170,502 | 18,567 | 11,079 | 164,177 | 364,325 | 132,389 | 28,164 | 524,878 |
| Subtotal | <u>\$ 2,974,492</u> | <u>\$ 717,117</u> | <u>\$ 666,062</u> | <u>\$ 9,220,980</u> | <u>\$ 13,578,651</u> | <u>\$ 856,929</u> | <u>\$ 105,677</u> | <u>\$ 14,541,257</u> |
| Depreciation | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>186,585</u> | <u>0</u> | <u>186,585</u> |
| Total | <u><u>\$ 2,974,492</u></u> | <u><u>\$ 717,117</u></u> | <u><u>\$ 666,062</u></u> | <u><u>\$ 9,220,980</u></u> | <u><u>\$ 13,578,651</u></u> | <u><u>\$ 1,043,514</u></u> | <u><u>\$ 105,677</u></u> | <u><u>\$ 14,727,842</u></u> |

The accompanying notes are an integral part of this statement.

PHILADELPHIA FIGHT
STATEMENT OF CASH FLOWS
Year ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--------------------------------------------------|------------|
| Change in Net Assets | \$ 627,604 |
| Adjustments to reconcile to cash from operations | |
| Depreciation | 186,585 |
| (Increase) decrease in: | |
| Certificate of deposit | (200,271) |
| Accounts receivable | (399,227) |
| Grants receivable | 138,149 |
| Inventory | 55,706 |
| Prepaid expenses | (44,916) |
| Deposits | (16,885) |
| Increase (decrease) in: | |
| Accounts payable and accrued expenses | 177,302 |

Net Cash Provided By Operations

\$ 524,047

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-------------------------------------|-------------|
| Purchase of furniture and equipment | \$ (81,270) |
| Purchase of computer equipment | (194,337) |
| Purchase of leasehold improvements | (51,995) |

Net Cash Used By Investments

\$ (327,602)

CASH FLOWS FROM FINANCING ACTIVITIES

Net Increase in Cash for Year

\$ 196,445

Cash balance, Beginning

1,019,398

Cash balance, Ending

\$ 1,215,843

SUPPLEMENTAL DISCLOSURES

Cash paid for interest

\$ 16

The accompanying notes are an integral part of this statement.

PHILADELPHIA FIGHT

NOTES TO FINANCIAL STATEMENTS June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Philadelphia FIGHT is a non-profit corporation exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Philadelphia FIGHT is a community research initiative organized with the goals of improving the quality of clinical care for HIV/AIDS in Philadelphia, and advancing research in effective treatments for HIV/AIDS, its opportunistic infection and other causes of morbidity and mortality associated with HIV infection.

Philadelphia FIGHT has programs in four basic areas:

- Education - includes Project TEACH, the AIDS Library and Prison Re-Entry.
- Y-HEP - Youth Health Empowerment Project
- Client Services - includes Care Outreach and Case Management
- Patient Services - includes the Jonathan Lax Treatment Center, 340B Program, Research and the Diana Baldwin Clinic

Effective October 1, 2005, a former subsidiary of the organization, The Jonathan Lax Immune Disorders Treatment Center is formally out of existence as a separate legal corporate entity. Thus these financial statements are no longer consolidated.

The organization has retained the rights regarding the use of the Jonathan Lax Immune Disorders Treatment Center name for its treatment center.

Date of Management's Review

Subsequent events were evaluated through December 27, 2012, which is the date the financial statements were available to be issued.

Basis of Accounting

The organization's accounting policies conform to accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Basis of Presentation

The financial statements are presented in accordance with FASB ASC 598 (formerly SFAS No. 117, Financial Statements of Not-For-Profit Organizations,) which require the Organization 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.

PHILADELPHIA FIGHT

NOTES TO FINANCIAL STATEMENTS June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash

Cash in banks and highly liquid investments with maturities of three months or less are considered to be cash equivalents. For the purpose of the statement of cash flows, the organization considers cash to include both cash and cash equivalents.

Allowance for Doubtful Accounts

The organization reviews its receivables on a regular basis for collectibility. When a question of the collectibility of a particular receivable arises it is written off or reserved for at that time. All receivables at June 30, 2012 were considered to be fully collectible, therefore no allowance for doubtful accounts is required.

Inventory

Inventory is stated at the lower of cost or market.

Fixed Assets

The organization purchases certain equipment with funds received under government grants and contracts. The organization is entitled to use the equipment for the duration of the program for which it was acquired. At the completion of the program the funder has the right to take title of the equipment. Purchased assets are carried at cost. Expenditures for maintenance and repairs are charged to expenses as incurred; major betterments are capitalized. Depreciation is provided over the estimated useful lives of the assets on the straight-line basis. Gain or loss on sale of fixed assets, if any, is recognized in the period of sale.

The estimated useful lives of depreciable assets are:

| | |
|--------------------------------------|-----------------|
| Computer equipment | 3 years |
| Other office furniture and equipment | 5 years |
| Leasehold improvements | Length of lease |

Recognition of Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 restrictions. Amounts released from restriction totaled \$176,194 for the year ended June 30, 2012.

Unconditional promises to give are recognized as revenues or gains to the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

PHILADELPHIA FIGHT

NOTES TO FINANCIAL STATEMENTS June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Exchange Transactions

The organization accounts for revenue from government and other contracts, as exchange transactions. Revenue is recognized in the statement of activities when earned. Contract advances and other amounts received but not earned are recorded as refundable advances on the statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, such costs represent direct costs of the programs and supporting services and indirect expenses allocated using either staff time or facilities usage by a program.

NOTE 2 - ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable:

| | |
|-----------------------------------------------------|--------------------|
| Funding Contracts | |
| Philadelphia Department of Public Health | |
| AIDS Activity Coordinating Office (AAO) | \$ 719,885 |
| CODAAP | 1,435 |
| U.S. Department of Health and Human Services (DHHS) | 145,960 |
| Other contracts | 492,686 |
| Program Revenue | |
| 340B Program | 819,612 |
| Other | 9,935 |
| | <u>\$2,189,513</u> |

NOTE 3 - GRANTS RECEIVABLE

Represents unconditional promises to give, as explained in Note 1, consisting of the following:

| | |
|---------------------------|------------------|
| Behavioral Health | |
| The Pew Charitable Trusts | \$ 60,000 |
| Operating Grant | |
| The AIDS Fund | <u>5,912</u> |
| | <u>\$ 65,912</u> |
| Amount due in: | |
| Less than one year | \$ 65,912 |
| One to five years | 0 |
| | <u>\$ 65,912</u> |

PHILADELPHIA FIGHT

NOTES TO FINANCIAL STATEMENTS June 30, 2012

NOTE 4 - INVENTORY

Inventory consists of prescription medications held onsite as part of its 340B program for prescriptions, which is exclusively for patients of its Jonathan Lax Treatment Center.

NOTE 5 - FIXED ASSETS

The following is a summary of fixed assets:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|------------------------|-------------------|-------------------------------------|---------------------------|
| Furniture & equipment | \$ 229,443 | \$ 161,044 | \$ 68,399 |
| Computer equipment | 391,196 | 233,253 | 157,943 |
| Leasehold improvements | <u>247,392</u> | <u>183,592</u> | <u>63,800</u> |
| | <u>\$ 868,031</u> | <u>\$ 577,889</u> | <u>\$ 290,142</u> |

NOTE 6 - LINE OF CREDIT

The Organization has available a line of credit in the amount of \$500,000, with Wells Fargo Bank, NA, which is due on demand, and renewable annually. The line is secured by accounts receivable and all personal property of the organization. Interest is at the bank's prime rate, plus 0.9% with a floor of 5% whichever is greater. The rate was 5% as of June 30, 2012. There was no outstanding balance on the line as of June 30, 2012.

NOTE 7 - NET ASSETS

Unrestricted Net Assets

Unrestricted net assets represent resources retained by the organization that were received without any donor-imposed restrictions. In addition, donor-restricted contributions whose restrictions have been met in the same reporting period are reported as unrestricted support.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent resources restricted as to time or use with the expectation that such restrictions will be satisfied in the future. Temporarily restricted net assets at June 30, 2012 are as follows:

| | |
|----------------------------------|-------------------|
| Behavioral Health | \$ 100,897 |
| Time restricted operating grants | <u>5,912</u> |
| | <u>\$ 106,809</u> |

Permanently Restricted Net Assets

Permanently restricted net assets represent resources subject to donor imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The organization has not received any such contributions.

PHILADELPHIA FIGHT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 8 - MAJOR SOURCES OF REVENUE

The organization receives funding in excess of 10% of total revenue from two sources. Revenue from reimbursement contracts and grants with the Philadelphia Department of Public Health, and the Organization's 340B program totaled approximately \$11,779,000 or 77% of total revenue for the year.

NOTE 9 - LEASE COMMITMENTS

Philadelphia FIGHT entered into leases for office space at three locations in center city Philadelphia

The lease for its primary office has been extended through October 2020. The minimum monthly payments are currently \$32,068 and with annual increases, the minimum monthly payments in the final year of the lease are \$39,391.

Office space in a second location, has been leased through February 28, 2015. The minimum monthly payments are currently \$5,493 and with annual increases, the minimum monthly payments in the final year of the lease are \$5,785.

The lease for the third location expires June 30, 2018. The minimum monthly payments are currently \$8,180, increasing annually up to \$9,484 in the final year of the lease.

Total rent expense was approximately \$526,000 for the year ended June 30, 2012.

The minimum future payments under leases for office space and equipment are as follows:

| | <u>Office Space</u> | <u>Equipment</u> |
|--------------------------|-------------------------|------------------|
| Year ended June 30, 2013 | \$ 546,624 | \$ 80,453 |
| 2014 | 560,870 | 26,684 |
| 2015 | 570,778 | 0 |
| 2016 | 541,922 | 0 |
| 2017 | 553,767 | 0 |
| and thereafter | 1,538,913 | 0 |

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DENNIS NATALI, CPA
JOSEPH P. LEONARD, CPA

Independent Auditor's Report on Schedule of
Expenditures of Federal, State and City Awards

Board of Directors
Philadelphia FIGHT
Philadelphia, PA

We have audited the financial statements of Philadelphia FIGHT for the year ended June 30, 2012 and have issued our report thereon dated December 27, 2012. These financial statements are the responsibility of Philadelphia FIGHT'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 basic financial statements. An audit also includes assessing the accounting principles used and 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Philadelphia FIGHT taken as a whole. The accompanying schedule of expenditures of federal, state and city 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 the City of Philadelphia Subrecipient Audit Guide, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements taken as a whole.


SNYDER, DAITZ & COMPANY

December 27, 2012

PHILADELPHIA FIGHT
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
Year ended June 30, 2012

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Contract Period</u> | <u>Expenditures</u> | <u>Questioned Costs</u> |
|--------------------------------------------------------|--------------------------------|------------------------------------------|----------------------------|---------------------|-----------------------------|
| FEDERAL AWARDS | | | | | |
| <u>U.S. Department of Commerce</u> | | | | | |
| Passed through | | | | | |
| City of Philadelphia Office of Innovation & Technology | | | | | |
| Broadband Technology Opportunities Program (ARRA) | 11.557 | 11-20367 | 12/1/10 - 11/30/13 | 616,098 | 0 |
| Passed through | | | | | |
| Urban Affairs Coalition | | | | | |
| Broadband Technology Opportunities Program (ARRA) | 11.557 | 1050-PHF | 9/1/10 - 2/28/13 | 292,265 | 0 |
| Total U.S. Department of Commerce | | | | 908,363 | 0 |
| <u>U.S. Department of Health & Human Services</u> | | | | | |
| Direct Assistance from | | | | | |
| Health & Human Resources Administration | | | | | |
| HIV/AIDS Bureau | | | | | |
| Outpatient Early Intervention Services | | | | | |
| With Respect to HIV Disease | | | | | |
| Ryan White, Part C | | | | | |
| | 93.918 | H76-HA-00553-10 | 4/1/11 - 3/31/12 | 294,426 | 0 |
| | 93.918 | H76-HA-00553-11 | 4/1/12 - 3/31/13 | 149,650 | 0 |
| | | | | 444,076 | 0 |
| Special Projects of National Significance | | | | | |
| | 93.928 | H97-HA-08540-04 | 9/1/10 - 8/31/11 | 64,414 | 0 |
| | 93.928 | H97-HA-08540-04-01 | 9/1/11 - 8/31/12 | 262,313 | 0 |
| | | | | 326,727 | 0 |
| Direct Assistance from | | | | | |
| Centers for Disease Control & Prevention | | | | | |
| HIV Prevention Activities - Non-Governmental | | | | | |
| Organization Based | | | | | |
| | 93.939 | 1U65-PS-003582-01 | 9/30/11 - 9/29/12 | 171,457 | 0 |

PHILADELPHIA FIGHT
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
Year ended June 30, 2012

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Contract Period</u> | <u>Expenditures</u> | <u>Questioned Costs</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------|-----------------------------|
| FEDERAL AWARDS (CONT.) | | | | | |
| Passed through University of Pennsylvania Center for Mental Health Policy & Services Research Drug Abuse and Addiction Research Programs | 93 279 | 2526216 | 9/1/10 - 7/31/11 | 18,367 | 0 |
| Passed through Temple University College of Health Professions & Social Work Drug Abuse and Addiction Research Programs | 93 279 93 279 | 0107767 0107767 | 8/1/11 - 8/31/11 9/1/11 - 8/31/12 | 27,084 217,811 | 0 0 |
| | | | | <u>263,262</u> | <u>0</u> |
| Passed through Philadelphia Department of Public Health, Coordinating Office for Drug & Alcohol Abuse Programs Block Grants for Prevention and Treatment of Substance Abuse | 93 959 | 09-20394-03 | 7/1/11 - 6/30/12 | 71,730 | 0 |
| Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office HIV Emergency Relief Grants - Ryan White, Part A | 93 914 93 914 93 914 93 914 | 09-20893-02 (R) 09-20893-03 (R) 09-20893-02 (RS) 09-20893-03 (RS) | 3/1/11 - 2/29/12 3/1/12 - 2/28/13 3/1/11 - 2/29/12 3/1/12 - 2/28/13 | 394,405 201,340 253,297 136,546 | 0 0 0 0 |
| Passed through Health Federation of Philadelphia HIV Emergency Relief Grants - Ryan White, Part A | 93 914 93 914 | N/A N/A | 3/1/11 - 2/28/12 3/1/12 - 2/28/13 | 37,063 14,094 | 0 0 |
| | | | | <u>1,036,745</u> | <u>0</u> |

PHILADELPHIA FIGHT
 SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
 Year ended June 30, 2012

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Contract Period</u> | <u>Expenditures</u> | <u>Questioned Costs</u> |
|----------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------|----------------------------|---------------------|-----------------------------|
| FEDERAL AWARDS (CONT.) | | | | | |
| Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office | | | | | |
| HIV Care Formula Grants - Ryan White , Part B | 93.917 | 10-20497-01 (RXA) | 7/1/11 - 3/31/12 | 641,040 | 0 |
| | 93.917 | 10-20497-01 (RXB) | 4/1/12 - 6/30/12 | 213,680 | 0 |
| | | | | <u>854,720</u> | <u>0</u> |
| Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office | | | | | |
| HIV Prevention and Public Health Fund Activities | 93.523 | 11-20598 (EP) | 5/1/11 - 9/29/11 | 18,702 | 0 |
| | 93.523 | 11-2059801 (EP) | 9/30/11 - 9/29/12 | 48,879 | 0 |
| | | | | <u>67,581</u> | <u>0</u> |
| Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office | | | | | |
| HIV Prevention Activities Health Department Based | 93.940 | 09-20893-02 (C) | 7/1/11 - 12/31/11 | <u>80,000</u> | <u>0</u> |
| Passed through Family Planning Council, Inc. | | | | | |
| Family Planning Project | 93.217 | 12-4801 | 7/1/11 - 6/30/12 | 32,399 | 0 |
| MCH Health Services Block Grant | 93.994 | 12-4801 | 7/1/11 - 6/30/12 | 7,044 | 0 |
| Social Services Block Grant | 93.667 | 12-4801 | 7/1/11 - 6/30/12 | 5,691 | 0 |
| CDC Prevention Investigations and Technical Assistance | 93.283 | 12-4801 | 7/1/11 - 6/30/12 | 205 | 0 |
| Total Federal Awards | | | | <u>4,270,000</u> | <u>0</u> |

PHILADELPHIA FIGHT
 SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
 Year ended June 30, 2012

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Contract Period</u> | <u>Expenditures</u> | <u>Questioned Costs</u> |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------|----------------------------|---------------------|-----------------------------|
| STATE AWARDS | | | | | |
| <u>Commonwealth of Pennsylvania</u> | | | | | |
| Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office Prevention Education | N/A | 10-20498-02 (Z) | 7/1/11 - 6/30/12 | 80,000 | 0 |
| Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office Prevention Grant | N/A | 10-20107-02 (S) | 7/1/11 - 6/30/12 | 102,535 | 0 |
| Philadelphia Department of Human Services Youth Drop-In Center | N/A | 09-20640-03 | 7/1/11 - 6/30/12 | 129,602 | 0 |
| Total State Awards | | | | <u>312,137</u> | <u>0</u> |

PHILADELPHIA FIGHT
 SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
 Year ended June 30, 2012

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Contract Period</u> | <u>Expenditures</u> | <u>Questioned Costs</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------|----------------------------|---------------------|-----------------------------|
| CITY AWARDS | | | | | |
| <u>City of Philadelphia</u> Philadelphia Department of Public Health, AIDS Activities Coordinating Office Information & Referral | N/A | 10-20049-02 (G) | 7/1/11 - 6/30/12 | 237,077 | 0 |
| Philadelphia Department of Human Services Youth Drop-In Center | N/A | 09-20640-03 | 7/1/11 - 6/30/12 | 32,400 | 0 |
| Total City Awards | | | | <u>269,477</u> | <u>0</u> |
| Total Federal, State & City Awards | | | | <u>4,851,614</u> | <u>0</u> |

PHILADELPHIA FIGHT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS Year ended June 30, 2012

NOTE 1 - GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal, State and City Awards presents the activities in all federal, state and city financial assistance programs of Philadelphia FIGHT. All financial assistance received directly from federal, state and city agencies as well as federal financial assistance passed through other governmental agencies or non-profit organizations are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The expenses in the accompanying Schedule of Expenditures of Federal, State and City Awards are presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal, state and city awards expenditures are reported on the statement of functional expenses as program services. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of federal, state and city awards due to program expenditures exceeding grant or contract budget limitations which are not included as federal, state and city awards.

NOTE 4 - SUBRECIPIENT FUNDING

The awards reflected in the accompanying Schedule of Expenditures of Federal, State and City Awards include the following amounts subcontracted to other organizations:

Special Projects of National Significance (CFDA #93.928)

| | |
|---------------------------------------------------------------------------------------|------------------|
| Action AIDS | \$ 85,805 |
| Temple University - College of Health Professionals and Social Work | 46,194 |
| University of Pennsylvania - Center for Mental Health Policy and Research Services | <u>6,901</u> |
| | <u>\$138,900</u> |

PHILADELPHIA FIGHT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended June 30, 2012**

Board of Directors
Philadelphia FIGHT
Philadelphia, PA

SECTION I - Summary of Auditors Results

Financial Statements

Type of auditor's report issued : Unqualified

Internal control over financial reporting :

Material weaknesses identified ? _____ yes X no

Significant deficiencies 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 :

Material weaknesses identified ? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses ? _____ 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 OMB Circular A-133 ? _____ yes X no

Identification of major programs :

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|-----------------------------------------------------------------------------------------|
| #11.557 | ARRA - Broadband Technology Opportunities Program |
| #93.918 | Outpatient Early Intervention Services with Respect to HIV Disease - Ryan White. Part C |

Dollar threshold used to distinguish between type A and type B programs : \$ 300,000

Auditee qualified as low-risk auditee ? X yes _____ no

SECTION II - Financial Statement Findings
None

SECTION II - Federal Award Findings Findings
None

SNYDER, DAITZ & COMPANY

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DENNIS NATALI, CPA
JOSEPH P. LEONARD, CPA

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
Philadelphia FIGHT
Philadelphia, PA

We have audited the financial statements of Philadelphia FIGHT as of and for the year ended June 30, 2012 and have issued our report thereon dated December 27, 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 Philadelphia FIGHT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion, but not for the purpose of expressing an opinion on the effectiveness of the Philadelphia FIGHT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Philadelphia FIGHT'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 the 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 above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Philadelphia FIGHT'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*.

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and other matters, and the results of that testing, and not to provide an opinion on the effectiveness of Philadelphia FIGHT's internal control over financial reporting or on compliance and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Philadelphia FIGHT's internal control over financial reporting and on compliance and other matters. Accordingly, this report is not suitable for any other purpose.


SNYDER, DAITZ & COMPANY

December 27, 2012

SNYDER, DAITZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**DENNIS NATALI, CPA
JOSEPH P. LEONARD, CPA**

**Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

**Board of Directors
Philadelphia FIGHT
Philadelphia, PA**

Compliance

We have audited Philadelphia FIGHT 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. Philadelphia FIGHT'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 referred to above is the responsibility of Philadelphia FIGHT's management. Our responsibility is to express an opinion on Philadelphia FIGHT'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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the City of Philadelphia Subrecipient Audit Guide. Those standards, OMB Circular A-133 and the City of Philadelphia Subrecipient Audit Guide 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 identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about Philadelphia FIGHT'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 on Philadelphia FIGHT's compliance with those requirements.

In our opinion, Philadelphia FIGHT complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Philadelphia FIGHT is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Philadelphia FIGHT'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the City of Philadelphia Subrecipient Audit Guide, 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 Philadelphia FIGHT'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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with the 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the compliance requirements referred to above that are applicable to each of Philadelphia FIGHT's major federal programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Philadelphia FIGHT's compliance but not to provide an opinion on the effectiveness of Philadelphia FIGHT's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Philadelphia FIGHT's compliance with requirements applicable to its major federal programs and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.


SNYDER, DAITZ & COMPANY

December 27, 2012