

PHILADELPHIA FIGHT

FINANCIAL REPORT
June 30, 2014

PHILADELPHIA FIGHT

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Independent Auditor's Report

Board of Directors
Philadelphia FIGHT
Philadelphia, PA

Report on the Financial Statements

We have audited the accompanying financial statements of Philadelphia FIGHT (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with accounting principles generally accepted in the United States of America. 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 Philadelphia FIGHT as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state and city awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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 March 13, 2015, on our consideration of Philadelphia FIGHT's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, with 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 Philadelphia FIGHT's internal control over financial reporting and compliance.

SNYDER, DAITZ & COMPANY

SNYDER, DAITZ & COMPANY
Philadelphia, PA

March 13, 2015

PHILADELPHIA FIGHT
STATEMENT OF FINANCIAL POSITION
June 30, 2014

ASSETS

CURRENT ASSETS

Cash	\$	2,648,100
Certificate of deposit		202,883
Accounts receivable		2,653,339
Grants receivable		64,344
Loans receivable		12,500
Prepaid expenses		26,113
 Total Current Assets	 \$	 <u>5,607,279</u>

NONCURRENT ASSETS

Grants receivable	\$	60,000
Fixed assets, net of depreciation		668,448
Security deposits		51,211
	\$	<u>779,659</u>
 Total Assets	 \$	 <u><u>6,386,938</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	810,180
Current portion of capital lease obligation		63,879
Total Current Liabilities	\$	<u>874,059</u>

NONCURRENT LIABILITIES

Capital lease obligation	\$	52,050
 Total Liabilities	 \$	 <u>926,109</u>

NET ASSETS

Unrestricted	\$	5,276,485
Temporarily restricted		184,344
	\$	<u>5,460,829</u>
 Total Liabilities and Net Assets	 \$	 <u><u>6,386,938</u></u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA FIGHT
STATEMENT OF ACTIVITIES
Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
<u>REVENUE</u>			
Government			
Philadelphia Department of Public Health	\$ 2,413,822		\$ 2,413,822
US Department of Health and Human Services	1,139,061		1,139,061
Philadelphia Department of Human Services	162,002		162,002
Other	673,385		673,385
Other grants and contributions	193,774	\$ 211,515	405,289
Industry studies	212,902		212,902
Patient fees and insurance	18,870,943		18,870,943
Interest income	6,613		6,613
Miscellaneous	22,186		22,186
Net assets released from restriction	72,419	(72,419)	0
Total Revenue	<u>\$ 23,767,107</u>	<u>\$ 139,096</u>	<u>\$ 23,906,203</u>
<u>EXPENSES</u>			
Educational programs	\$ 3,002,101		\$ 3,002,101
YHEP	1,147,415		1,147,415
Client services	890,009		890,009
Patient services	15,735,209		15,735,209
Total Program Expenses	\$ 20,774,734	0	\$ 20,774,734
Administrative expenses	1,709,098		1,709,098
Fundraising expenses	380,318		380,318
Total Expenses	<u>\$ 22,864,150</u>	<u>0</u>	<u>\$ 22,864,150</u>
Change in Net Assets	\$ 902,957	\$ 139,096	\$ 1,042,053
Net Assets, Beginning	4,373,528	45,248	4,418,776
Net Assets, Ending	<u>\$ 5,276,485</u>	<u>\$ 184,344</u>	<u>\$ 5,460,829</u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA FIGHT

STATEMENT OF FUNCTIONAL EXPENSES Year ended June 30, 2014

	Education Programs	Y-HEP	Client Services	Patient Services	Total Programs	Administration	Fundraising	Total
Salaries	\$ 1,256,809	\$ 586,243	\$ 552,723	\$ 2,597,572	\$ 4,993,347	\$ 804,480	\$ 88,950	\$ 5,886,777
Payroll taxes and fringes	376,660	165,621	170,842	783,748	1,496,871	252,632	31,770	1,781,273
Consultants	268,577	18,600	49,690	306,227	643,094	197,192	59,967	900,253
Lab costs	0	8,677	0	164,133	172,810	0	0	172,810
Costs of drugs sold	0	0	0	8,212,974	8,212,974	0	0	8,212,974
Patient expenses	0	0	0	2,636,063	2,636,063	0	0	2,636,063
Program supplies	249,724	32,140	2,448	117,953	402,265	46,391	58,442	507,098
Occupancy	324,363	190,346	44,296	320,272	879,277	65,882	5,007	950,166
Communication	26,455	13,521	4,172	23,297	67,445	27,904	3,929	99,278
Equipment expense	51,626	14,969	4,671	44,885	116,151	43,629	4,149	163,929
Travel	99,910	52,958	14,045	110,305	277,218	7,947	26,033	311,198
Other operating expenses	273,226	29,468	14,245	263,271	580,210	215,179	96,819	892,208
Subtotal	\$ 2,927,350	\$ 1,112,543	\$ 857,132	\$ 15,580,700	\$ 20,477,725	\$ 1,661,236	\$ 375,066	\$ 22,514,027
Depreciation	74,751	34,872	32,877	154,509	297,009	47,862	5,252	350,123
Total	<u>\$ 3,002,101</u>	<u>\$ 1,147,415</u>	<u>\$ 890,009</u>	<u>\$ 15,735,209</u>	<u>\$ 20,774,734</u>	<u>\$ 1,709,098</u>	<u>\$ 380,318</u>	<u>\$ 22,864,150</u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA FIGHT
STATEMENT OF CASH FLOWS
Year ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,042,053
Adjustments to reconcile to cash from operations	
Depreciation	350,123
(Increase) decrease in:	
Certificate of deposit	(1,159)
Accounts receivable	(194,876)
Grants receivable	(121,641)
Prepaid expenses	19,256
Increase (decrease) in:	
Accounts payable and accrued expenses	(49,933)
 Net Cash Provided By Operations	 \$ 1,043,823

CASH FLOWS FROM INVESTING ACTIVITIES

Loan repayments received	\$ 13,750
Purchase of furniture and equipment	(176,711)
Purchase of computer equipment	(94,305)
Purchase of leasehold improvements	(53,622)
 Net Cash Used By Investments	 \$ (310,888)

CASH FLOWS FROM FINANCING ACTIVITIES

	0
Net Increase in Cash for Year	\$ 732,935
Cash balance, Beginning	1,915,165
Cash balance, Ending	\$ 2,648,100

SUPPLEMENTAL DISCLOSURES

Cash paid for interest	\$ 1,769
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The accompanying notes are an integral part of this statement.

PHILADELPHIA FIGHT

NOTES TO FINANCIAL STATEMENTS June 30, 2014

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, Critical Path Digital Inclusion Project 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 November 1, 2013, the Organization became a Federally Qualified Health Center.

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 March 13, 2015, 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 958 (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, 2014

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, 2014 were considered to be fully collectible, therefore no allowance for doubtful accounts is required.

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 \$72,419 for the year ended June 30, 2014.

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.

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.

PHILADELPHIA FIGHT

NOTES TO FINANCIAL STATEMENTS June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 (AACO)	\$ 808,363
CODAAP	3,586
U.S. Department of Health and Human Services (DHHS)	265,488
Other contracts	112,098
Program Revenue	
340 B Program	1,462,954
Other	850
	<u>\$2,653,339</u>

NOTE 3 - GRANTS RECEIVABLE

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

Behavioral Health Grant	
PEW Charitable Trust	\$120,000
Operating Grant	
The AIDS Fund	4,344
	<u>\$124,344</u>
Amounts due in:	
Less than one year	\$ 64,344
One to five years	60,000
	<u>\$124,344</u>

NOTE 4 - FIXED ASSETS

The following is a summary of fixed assets:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Furniture & equipment	\$ 575,683	\$ 275,905	\$299,778
Computer equipment	917,488	710,620	206,868
Leasehold improvements	426,091	264,289	161,802
	<u>\$1,919,262</u>	<u>\$1,250,814</u>	<u>\$668,448</u>

PHILADELPHIA FIGHT

NOTES TO FINANCIAL STATEMENTS June 30, 2014

NOTE 5 - LINE OF CREDIT

The Organization has available until July 1, 2015 a revolving 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, 2014. There was no outstanding balance on the line as of June 30, 2014.

NOTE 6 – CAPITAL LEASE

The Organization has acquired certain equipment under a capital lease. Monthly payments under the lease expire in March 2016.

Future minimum lease payments under the capital lease are as follows:

As of June 30, 2014	\$121,863
Less: Amount representing interest	<u>5,934</u>
Net obligation under capital leases	115,929
Less: Current portion of capital lease obligation	<u>63,879</u>
Long-term capital lease obligation	<u>\$ 52,050</u>

Long-term capital lease obligation at June 30, 2014 matures as follows:

Year ending June 30, 2015	\$ 63,879
2016	<u>52,050</u>
	<u>\$115,929</u>

Equipment held under the capital lease is included in property and equipment.

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, 2014 are as follows:

Behavioral Health	\$180,000
Time restricted operating grants	<u>4,344</u>
	<u>\$184,344</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, 2014

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 \$20,200,000 or 85% 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 \$34,979 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 \$5,785 in the final year of the lease. A lease for a new location through April 2020 has subsequently been signed in December 2014. The minimum monthly payments begin at \$20,088, and with annual increases, the minimum monthly payments in the final year of the leases are \$23,287.

The lease for the third location expires June 30, 2018. The minimum monthly payments under a lease amendment in May 2014, are currently \$8,676, increasing annually up to \$13,739 in the final year of the lease.

Total rent expense, including temporary locations for AEM and other programs, was approximately \$719,000 for the year ended June 30, 2014.

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

Year ended June 30, 2015	\$ 686,716
2016	829,321
2017	849,760
2018	871,118
2019	726,421
and thereafter	854,577

NOTE 10 – RETIREMENT PLAN

The Organization sponsors the Philadelphia FIGHT 403(b) Defined Contribution Plan in which all eligible employees may participate. Under the Plan, participants may elect to defer a portion of their compensation, up to IRS limits. The Organization can elect to make discretionary matching contributions. The Plan also permits nondeductible employee contributions.

For the year ended June 30, 2014, the Organization made matching contributions of up to 3% of participants base compensation, which totaled \$135,957.

PHILADELPHIA FIGHT
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
Year ended June 30, 2014

<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	169,250	0
Passed through Urban Affairs Coalition Broadband Technology Opportunities Program (ARRA)	11.557	1050-PHF	9/1/10 - 12/31/13	71,871	0
Total U.S. Department of Commerce				<u>241,121</u>	<u>0</u>
<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 93.918	H76-HA-00553-12 H76-HA-00553-13	4/1/13 - 3/31/14 4/1/14 - 3/31/15	335,375 91,672	0 0
				<u>427,047</u>	<u>0</u>
Special Projects of National Significance	93.928	H97-HA-26504-01-00	9/1/13 - 8/31/14	175,075	0
Health Center Cluster	93.224	H80-CS-26634-01-00	11/1/13 - 2/29/16	211,873	0
Direct Assistance from Centers for Disease Control & Prevention HIV Prevention Activities - Non-Governmental Organization Based	93.939	1U65-PS-003582-02 1U65-PS-003582-03	9/30/12 - 9/29/13 9/30/13 - 9/29/14	81,611 243,455	0 0
				<u>325,066</u>	<u>0</u>

PHILADELPHIA FIGHT
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
Year ended June 30, 2014

<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					
Temple University College of Health Professions & Social Work					
Drug Abuse and Addiction					
Research Programs					
	93.279	0107767	9/1/12 - 8/31/13	20,121	0
	93.279	0107767	9/1/13 - 8/31/14	179,345	0
				<u>199,466</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	13-20509-01	7/1/13 - 6/30/14	71,730	0
Passed through					
Philadelphia Department of Public Health,					
AIDS Activities Coordinating Office					
HIV Emergency Relief Grants - Ryan White, Part A					
	93.914	13-20730 (R)	3/1/13 - 2/28/14	541,862	0
	93.914	13-20730-01 (R)	3/1/14 - 2/28/15	242,461	0
	93.914	13-20730 (R)	3/1/13 - 2/28/14	81,587	0
	93.914	13-20730-01 (R)	3/1/14 - 2/28/15	40,454	0
Passed through					
Health Federation of Philadelphia					
HIV Emergency Relief Grants - Ryan White, Part A					
	93.914	N/A	3/1/13 - 2/28/14	14,140	0
	93.914	N/A	3/1/14 - 2/28/15	5,955	0
				<u>926,459</u>	<u>0</u>
Passed through					
Philadelphia Department of Public Health,					
AIDS Activities Coordinating Office					
HIV Care Formula Grants - Ryan White , Part B					
	93.917	14-20128 (RXA)	7/1/13 - 3/31/14	684,692	0
	93.917	14-20128 (RXB)	4/1/14 - 6/30/14	208,230	0
Passed through					
Jewish Healthcare Foundation					
HIV Care Formula Grants - Ryan White , Part B					
	93.917	1315-5192	7/1/13 - 6/30/14	11,625	0
				<u>904,547</u>	<u>0</u>

PHILADELPHIA FIGHT
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
Year ended June 30, 2014

<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 SAMHSA Projects of Regional & National Significance	93.243	14-20364	9/30/13 - 9/29/14	48,638	0
Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office HIV Prevention and Public Health Fund Activities	93.523	11-20598-02 (EP)	9/30/12 - 9/29/13	16,580	0
Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office HIV Prevention Activities Health Department Based	93.940 93.940	12-20455-01 (CPA) 12-20455-02 (CPA)	1/1/13 - 12/31/13 1/1/14 - 12/31/14	92,815 68,568	0 0
				<u>161,383</u>	<u>0</u>
Passed through Benefits Data Trust Community Services Block Grant	93.569	BAC	3/1/14 - 2/28/15	12,204	0
Passed through Family Planning Council, Inc. Coordinated Service and Access to Research for Women, Infants, Children and Youth	93.153	14-6305	8/1/13 - 7/31/14	55,770	0
Family Planning Project	93.217	14-4010	7/1/13 - 6/30/14	46,214	0
Family Planning Project	93.217	13-4801	7/1/13 - 6/30/14	29,737	0
				<u>75,951</u>	<u>0</u>
MCH Health Services Block Grant	93.994	13-4801	7/1/13 - 6/30/14	4,614	0
Social Services Block Grant	93.667	13-4801	7/1/13 - 6/30/14	3,733	0
CDC Prevention Investigations and Technical Assistance	93.283	13-4801	7/1/13 - 6/30/14	1,082	0
Total Federal Awards				<u>3,862,339</u>	<u>0</u>

PHILADELPHIA FIGHT
 SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
 Year ended June 30, 2014

<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	14-20116 (Z)	7/1/13 - 12/31/13	43,400	0
	N/A	14-20388 (Z)	1/1/14 - 6/30/14	92,000	0
				<u>135,400</u>	<u>0</u>
Passed through Philadelphia Department of Public Health, AIDS Activities Coordinating Office					
Prevention Grant	N/A	14-20217 (S)	7/1/13 - 12/31/13	51,267	0
	N/A	14-20388 (S)	1/1/14 - 6/30/14	31,000	0
				<u>82,267</u>	<u>0</u>
Philadelphia Department of Human Services					
Youth Drop-In Center	N/A	13-20392-01	7/1/13 - 6/30/14	129,602	0
Total State Awards				<u>347,269</u>	<u>0</u>

PHILADELPHIA FIGHT
 SCHEDULE OF EXPENDITURES OF FEDERAL, STATE & CITY AWARDS
 Year ended June 30, 2014

<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	14-20117 (G)	7/1/13 - 6/30/14	98,538	0
Philadelphia Department of Human Services Youth Drop-In Center	N/A	13-20392-01	7/1/13 - 6/30/14	32,400	0
Total City Awards				<u>130,938</u>	<u>0</u>
Total Federal, State & City Awards				<u>4,340,546</u>	<u>0</u>

PHILADELPHIA FIGHT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS Year ended June 30, 2014

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)

Prevention Point Philadelphia	\$ 71,678
Temple University	<u>43,998</u>
	<u>\$115,676</u>

HIV Prevention Activities – Non Governmental Organization Based (CFDA #93.939)

GALAEI	<u>\$17,800</u>
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PHILADELPHIA FIGHT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended June 30, 2014

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
#93.917	HIV Care Formula Grants - Ryan White, Part B
#93.224	Health Center Cluster

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

DENNIS NATALI, CPA
JOSEPH P. LEONARD

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Philadelphia FIGHT
Philadelphia, PA

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 Philadelphia FIGHT (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Philadelphia FIGHT'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 Philadelphia FIGHT's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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.

SNYDER, DAITZ & COMPANY

SNYDER, DAITZ & COMPANY
Philadelphia, PA

March 13, 2015

SNYDER, DAITZ & COMPANY
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NEW HOPE, PA 18938

DENNIS NATALI, CPA
JOSEPH P. LEONARD

Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by OMB Circular A-133

Board of Directors
Philadelphia FIGHT
Philadelphia, PA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Philadelphia FIGHT's major federal programs based on our audit and 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; 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Philadelphia FIGHT's compliance.

Opinion on Each Major Federal Program

In our opinion, Philadelphia FIGHT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

SNYDER, DAITZ & COMPANY

SNYDER, DAITZ & COMPANY
Philadelphia, PA

March 13, 2015