

*Financial statements and reports  
required by OMB Circular A-133:*

**RURAL AIDS ACTION NETWORK**

Years ended  
December 31, 2012 and 2011

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Rural AIDS Action Network  
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### Report on the Financial Statements

We have audited the accompanying financial statements of Rural AIDS Action Network (the Organization) which comprise the statements of financial position as of December 31, 2012 and 2011 and the related statements of activities and changes in net assets, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Report on the Schedule of Expenditures of Federal Awards*

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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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 July 16, 2013 on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.

*Schechter Dokken Kanter  
Andrews & Selzer Ltd.*

July 16, 2013

	<u>2012</u>	<u>2011</u>
<b>Assets:</b>		
Current assets:		
Cash	\$ 3,160	\$ 52,074
Certificate of deposit	30,000	
Grants receivable	92,802	85,412
Miscellaneous receivables	4,930	6,199
Prepaid expenses	<u>11,501</u>	<u>15,051</u>
Total current assets	<u>142,393</u>	<u>158,736</u>
Property and equipment, net	<u>13,439</u>	<u>10,008</u>
Other assets:		
Certificate of deposit, long-term	5,000	
Security deposit	<u>1,300</u>	<u>1,300</u>
	<u>6,300</u>	<u>1,300</u>
Total assets	<u>\$ 162,132</u>	<u>\$ 170,044</u>
<b>Liabilities and net assets:</b>		
Current liabilities:		
Line of credit	\$ 3,000	
Accounts payable	33,957	\$ 22,753
Accrued expenses	27,258	28,345
Deferred rent	<u>668</u>	<u>1,734</u>
Total current liabilities	<u>64,883</u>	<u>52,832</u>
Net assets:		
Unrestricted	91,099	99,012
Temporarily restricted	<u>6,150</u>	<u>18,200</u>
Total net assets	<u>97,249</u>	<u>117,212</u>
Total liabilities and net assets	<u>\$ 162,132</u>	<u>\$ 170,044</u>

See notes to financial statements.

**RURAL AIDS ACTION NETWORK**

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	<b>2012</b>		
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Total</b>
Revenues, gains and other support:			
Individual donations	\$ 32,676		\$ 32,676
Grants:			
Foundations	35,000	\$ 21,723	56,723
Government	813,117		813,117
Honoraria/events	40,288		40,288
Investment income	123		123
Other	375		375
	<u>921,579</u>	<u>21,723</u>	<u>943,302</u>
Total revenues, gains and other support			
	921,579	21,723	943,302
Net assets released from restrictions	<u>33,773</u>	<u>(33,773)</u>	
	<u>955,352</u>	<u>(12,050)</u>	<u>943,302</u>
Expenses:			
Program services	789,412		789,412
Administrative	133,793		133,793
Fundraising	40,060		40,060
	<u>963,265</u>		<u>963,265</u>
Change in net assets	(7,913)	(12,050)	(19,963)
Beginning net assets	<u>99,012</u>	<u>18,200</u>	<u>117,212</u>
Ending net assets	<u>\$ 91,099</u>	<u>\$ 6,150</u>	<u>\$ 97,249</u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES  
AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31

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2011		
Unrestricted	Temporarily restricted	Total
\$ 9,722		\$ 9,722
18,600	\$ 26,700	45,300
796,260		796,260
29,504		29,504
139		139
537		537
854,762	26,700	881,462
20,200	(20,200)	
874,962	6,500	881,462
717,673		717,673
134,654		134,654
34,402		34,402
886,729		886,729
(11,767)	6,500	(5,267)
110,779	11,700	122,479
\$ 99,012	\$ 18,200	\$ 117,212

**RURAL AIDS ACTION NETWORK**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (19,963)	\$ (5,267)
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	5,467	2,777
(Increase) decrease in:		
Grants receivable	(7,390)	(2,842)
Miscellaneous receivables	1,269	(4,135)
Prepaid expense	3,550	(1,814)
Security deposit		(1,300)
(Decrease) increase in:		
Accounts payable	11,204	6,347
Accrued expenses	(1,087)	519
Deferred rent	(1,066)	1,734
	<u>(8,016)</u>	<u>(3,981)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchase of:		
Equipment	(8,898)	(4,692)
Certificates of deposit	(45,000)	
Redemption of certificates of deposit	10,000	
	<u>(43,898)</u>	<u>(4,692)</u>
Net cash used in investing activities		
Cash flows from financing activities, change in line of credit	<u>3,000</u>	
Net change in cash	(48,914)	(8,673)
Cash, beginning	<u>52,074</u>	<u>60,747</u>
Cash, ending	<u>\$ 3,160</u>	<u>\$ 52,074</u>
Supplementary disclosures of cash flow information:		
Cash paid for interest	<u>\$ 256</u>	<u>\$ 50</u>

See notes to financial statements.

**RURAL AIDS ACTION NETWORK**

	<b>2012</b>			
	<u>Program services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total expenses</u>
Expenses:				
Salaries and wages	\$ 309,144	\$ 56,093	\$ 23,268	\$ 388,505
Benefits	75,239	18,360	6,561	100,160
Taxes, payroll	<u>40,315</u>	<u>6,640</u>	<u>2,918</u>	<u>49,873</u>
	<u>424,698</u>	<u>81,093</u>	<u>32,747</u>	<u>538,538</u>
Advertising	1,726	977	109	2,812
Contract services	82,852	26,026	1,203	110,081
Depreciation	4,483	765	219	5,467
Professional development	487	1,227		1,714
Dues and subscriptions	375	35	450	860
Insurance	4,829	3,942		8,771
Interest		256		256
Miscellaneous	82	680	221	983
Meetings	5,320	53	50	5,423
Postage	1,637	2,263	1,103	5,003
Printing	2,376	563	1,370	4,309
Rent, building	22,847	5,383	598	28,828
Supplies	16,386	3,736		20,122
Telephone	19,475	5,636	283	25,394
Client reimbursements	143,622			143,622
Staff travel	<u>58,217</u>	<u>1,158</u>	<u>1,707</u>	<u>61,082</u>
Total expenses	<u>\$ 789,412</u>	<u>\$ 133,793</u>	<u>\$ 40,060</u>	<u>\$ 963,265</u>

See notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31

2011			
Program services	Administrative	Fundraising	Total expenses
\$ 320,751	\$ 73,525	\$ 20,701	\$ 414,977
100,779	5,688	2,571	109,038
39,221	7,616	1,907	48,744
460,751	86,829	25,179	572,759
	249		249
25,466	19,146	392	45,004
2,221	417	139	2,777
1,387	229		1,616
120	864		984
1,033	4,131		5,164
	50		50
328	180	33	541
3,868	304		4,172
1,810	2,453	829	5,092
1,494	1,852	2,067	5,413
24,635	5,981	1,495	32,111
15,111	5,739	892	21,742
16,357	4,947	1,649	22,953
120,099			120,099
42,993	1,283	1,727	46,003
\$ 717,673	\$ 134,654	\$ 34,402	\$ 886,729

1. Nature of business and significant accounting policies:

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Nature of business:

The Rural AIDS Action Network (the Organization) is a nonprofit organization that assists persons living with, affected by and at risk for HIV/AIDS in rural Minnesota. This assistance includes medical case management, HIV counseling, testing and referral, health education/risk reduction workshops, medical transportation, support groups and education and training.

Cash and cash equivalents:

The Organization considers money market accounts and all highly liquid debt instruments, purchased with a maturity of less than three months, to be cash equivalents.

Certificates of deposit:

The Organization holds certificates of deposits at various financial institutions. These certificates have varying maturity dates from May 2013 to January 2015.

Property and equipment and depreciation methods:

Equipment, either purchased or received as contributions with a minimum value of \$500, is recorded at cost for purchased items and at estimated fair value on date of receipt for donated items.

Depreciation is computed on equipment using the straight-line method over the estimated useful life ranging from 3 to 7 years.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or an agreement with a third party. When a temporary restriction expires, temporarily

restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Pledges for contributions are recorded when promised. All recorded amounts are deemed to be collectible. Accordingly, no allowance is recorded.

Grant revenue:

Grant revenue on cost-reimbursement grants or contracts is recognized when the Organization requests reimbursement from the granting agency after the program expenditures have been incurred.

Donated materials and services:

Donated materials are reflected as contributions in the financial statements at their estimated value on the date of receipt. No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services. However, a substantial number of volunteers donated significant amounts of time to the Organization's program services and fundraising activities.

Income taxes:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain income tax positions that require adjustment to the financial statements. Tax years subject to examination generally are years 2009 through 2012.

1. Nature of business and significant accounting policies (continued):

Advertising:

The Organization expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2012 and 2011 were \$2,812 and \$249, respectively.

Use of estimates:

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

Functional allocation of expenses:

The costs of providing the various programs operated by the Organization have been presented on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications:

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation.

Subsequent events:

Management has evaluated for subsequent events through July 16, 2013, the date the financial statements were available for issuance.

2. Concentrations of risk:

The Organization maintains cash and money market accounts with local banks. At times, the total cash on deposit can exceed the federally insured limit of \$250,000. The Organization has not experienced any loss as a result of these deposits.

The Organization's revenues include \$716,685 and \$610,033 received under two federal grant programs in 2012 and 2011, respectively.

3. Property and equipment and depreciation:

	<u>2012</u>	<u>2011</u>
Equipment	\$ 38,989	\$ 30,091
Less accumulated depreciation	<u>25,550</u>	<u>20,083</u>
	<u>\$ 13,439</u>	<u>\$ 10,008</u>

4. Line of Credit:

The Organization has entered into a \$10,000 revolving line of credit with Mid Minnesota Federal credit union. The agreement charges interest at .5 percentage points above the prime rate as established by the Wall Street Journal with a floor of 4.5%. The prime rate was 3.25% at both December 31, 2012 and 2011. The line of credit expires on December 20, 2014. No balance was outstanding on December 31, 2012 or 2011.

The Organization has entered into a \$10,000 revolving line of credit with Bremer Bank. The agreement charges interest at 2.75 percentage points above the prime rate as established by the Wall Street Journal with a floor of 4.5%. The prime rate was 3.25% at December 31, 2012 and 2011. The line of credit expires on November 15, 2013. A balance of \$3,000 was outstanding on December 31, 2012.

5. Temporarily restricted net assets:

At December 31, 2012 and 2011, temporarily restricted net assets consisted of the following:

	<u>2012</u>	<u>2011</u>
Restricted for purpose:		
Outreach	\$ 5,000	\$ 17,000
Bemidji services	<u>1,150</u>	<u>1,200</u>
	<u>\$ 6,150</u>	<u>\$ 18,200</u>

6. Net assets released from restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or the lapse of time restrictions:

	<u>2012</u>	<u>2011</u>
Purpose restriction	<u>\$ 33,733</u>	<u>\$ 20,200</u>

7. Commitments:

Operating Leases:

As of December 31, 2012, the Organization maintained three operating leases for office space in Mankato, Moorhead and St. Cloud, Minnesota. These agreements expire at various times through December 31, 2017. Subsequent to December 31, 2012, the Organization entered into an operating lease agreement for office space in Alexandria, Minnesota. Future minimum payments related to this lease are included in the schedule below.

Minimum future lease payments under these leases are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 27,758
2014	19,698
2015	7,208
2016	3,008
2017	<u>3,008</u>
	<u>\$ 60,680</u>

During 2012, the Organization also rented office space on a month-to-month basis in Alexandria and Bemidji, Minnesota. Subsequent to December 31, 2012, the Organization entered into an agreement to lease office space in Duluth, Minnesota on a month-to-month basis.

Rent expense for all leases was \$28,828 and \$32,111 for the years ended December 31, 2012 and 2011, respectively.

8. Retirement plan:

The Organization has a SIMPLE IRA plan under section 408 of the Internal Revenue Code for employees meeting certain eligibility requirements.

Contributions were \$11,497 and \$13,300 for the years ended December 31, 2012 and 2011, respectively.

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

Schechter Dokken Kanter  
Andrews & Selcer Ltd

INDEPENDENT AUDITOR'S REPORT

Suite 1600

Board of Directors  
Rural AIDS Action Network  
St. Cloud, Minnesota

100 Washington Avenue South

Minneapolis, MN

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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 Rural AIDS Action Network (the Organization) which comprise the statement of financial position as of December 31, 2012 and the related statements of activities and changes in net assets, 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 July 16, 2013.

**Internal Control over Financial Reporting**

Phone 612-332-5500

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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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.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schechter Dokken Kanter  
Andrews + Selzer Ltd.*

July 16, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Schechter Dokken Kanter  
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INDEPENDENT AUDITOR'S REPORT

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

We have audited Rural AIDS Action Network's (the Organization'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 the Organization's major federal programs for the year ended December 31, 2012. 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.

Minneapolis, MN

55401-2192

**Management's Responsibility**

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

Phone 612-332-5500

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization'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.

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

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

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## **Report on Internal Control Over Compliance**

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

*Schechter Dokken Kanter  
Andrews & Selzer Ltd.*

July 16, 2013

**RURAL AIDS ACTION NETWORK**

SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2012

<u>Federal grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Federal expenditures</u>
U.S. Department of Health & Human Services Early Intervention Services	93.918		\$ <u>166,080</u>
U.S. Department of Health & Human Services, passed through Hennepin County:			
Mental Health Services	93.917	A120028-SR	49,500
Medical Transportation	93.917	A120028-SR	96,565
Health Education:			
Risk Reduction, Greater Minnesota Initiatives	93.917	A120028-SR	4,970
Medical Case Management	93.917	A120028-SR	48,717
Food Vouchers	93.917	A120028-SR	21,073
Early Intervention Services	93.917	A120028-SR	645
U.S. Department of Health & Human Services, passed through State of Minnesota Department of Health:			
Medical Case Management	93.917	H5531623	<u>329,135</u>
			<u>550,605</u>
Total expenditures of federal awards			\$ <u>716,685</u>

**RURAL AIDS ACTION NETWORK**

1. Basis of presentation:

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The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of Rural AIDS Action Network and is presented on the accrual basis of accounting. Expenses are recognized as incurred using the cost accounting principles contained in the United States Office of Management and Budget (OMB) Circular A-122, *Cost Principles for Non-Profit Organization*. Under those principles, certain types of expenses are not allowable and are limited as to reimbursement. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**RURAL AIDS ACTION NETWORK**

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**Section I - Summary of Auditor's Results:**

**Financial Statements**

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued:  | Unqualified   |
| 2. Internal control over financial reporting:<br>Material weakness identified: | No            |
| Significant deficiencies identified:   | None reported |
| 3. Noncompliance material to the financial statements noted:                   | No            |

**Federal Awards**

- |   |   |
|---|---|
| 4. Internal control over major programs:<br>Material weakness identified:   | No  |
| Significant deficiencies identified:  | None reported   |
| 5. Type of auditor's report issued on compliance for major programs:  | Unqualified   |
| 6. Any audit findings disclosed that are required to be reported in<br>accordance with Section 510 (a) of Circular A-133: | No  |
| 7. Identification of major programs:  | CFDA #93.917<br>Ryan White Part B<br>Supplemental Grants<br>Program |
| 8. Dollar threshold used to distinguish between type A and type B programs:   | \$300,000   |
| 9. Auditee qualified as low-risk auditee:   | No  |

**RURAL AIDS ACTION NETWORK**

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YEAR ENDED SEPTEMBER 30, 2012

**Section II – Financial Statement Findings Section:**

*Current year*

None

**Section III - Findings and Questioned Costs Relating to Federal Awards Section:**

*Current year*

None