

MAZZONI CENTER
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

**MAZZONI CENTER
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YEAR ENDED JUNE 30, 2012**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mazzoni Center
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of Mazzoni Center (a nonprofit organization) 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 the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Mazzoni Center's 2011 financial statements and, in our report dated October 21, 2011, we expressed an unqualified opinion on those financial statements.

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 the Mazzoni Center 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 October 19, 2012, on our consideration of the Mazzoni Center'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 an audit performed in accordance with *Government Auditing Standards* and should be considered in for assessing the results of our audit.

Board of Directors
Mazzoni Center

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Mazzoni Center taken as a whole. The accompanying Schedule of Expenditures of Federal, State and City Awards for the year ended June 30, 2012 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 financial statements. The accompanying AACO Statements of Program Expenditures and Revenue, Statement of Source and Status of Funds, Schedule of Program Expenditures, Schedule of Program Revenue and Reconciliation Schedule are presented for purposes of additional analysis as required by the City of Philadelphia Subrecipient Audit Guide and also are not 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 basic financial statements as a whole.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 19, 2012

**MAZZONI CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash	\$ 474,850	\$ 43,443
Accounts Receivable	1,502,083	1,899,587
Inventory	11,488	-
Grants Receivable	113,681	25,000
Promises to Give, Current Portion	6,947	-
Prepaid Expenses	273,612	254,711
Donated Art	15,700	15,700
Total Current Assets	<u>2,398,361</u>	<u>2,238,441</u>
PROPERTY AND EQUIPMENT	326,276	155,796
OTHER ASSETS		
Promises to Give, Less Current Portion	13,526	-
Security Deposit	22,283	22,083
Total Other Assets	<u>35,809</u>	<u>22,083</u>
Total Assets	<u>\$ 2,760,446</u>	<u>\$ 2,416,320</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 25,074	\$ 126,760
Accrued Payroll	172,841	134,275
Accrued Expenses	373,585	348,170
Total Current Liabilities	<u>571,500</u>	<u>609,205</u>
LONG-TERM LIABILITIES		
Deferred Rent	<u>20,328</u>	<u>28,438</u>
Total Liabilities	591,828	637,643
NET ASSETS		
Unrestricted	2,018,651	1,676,082
Temporarily Restricted	149,967	102,595
Total Net Assets	<u>2,168,618</u>	<u>1,778,677</u>
Total Liabilities and Net Assets	<u>\$ 2,760,446</u>	<u>\$ 2,416,320</u>

See Accompanying Notes to Financial Statements.

**MAZZONI CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND OTHER SUPPORT				
Government Contracts	\$ 5,208,925	\$ -	\$ 5,208,925	\$ 5,157,921
Grants	120,914	268,282	389,196	278,965
General Donations	117,722	-	117,722	103,486
Third Party Billing	2,482,297	-	2,482,297	1,943,113
Other Support	28,158	-	28,158	52,358
Special Events	172,083	-	172,083	131,896
In Kind Contributions	142,467	-	142,467	62,950
Subtotal	8,272,566	268,282	8,540,848	7,730,689
NET ASSETS RELEASED FROM RESTRICTIONS	220,910	(220,910)	-	-
Total Revenue and Other Support	8,493,476	47,372	8,540,848	7,730,689
EXPENSES				
Program Services	6,622,444	-	6,622,444	6,004,428
Support Services	1,528,463	-	1,528,463	1,222,144
Total Expenses	8,150,907	-	8,150,907	7,226,572
CHANGE IN NET ASSETS	342,569	47,372	389,941	504,117
Net Assets - Beginning of Year	1,676,082	102,595	1,778,677	1,274,560
NET ASSETS - END OF YEAR	\$ 2,018,651	\$ 149,967	\$ 2,168,618	\$ 1,778,677

See Accompanying Notes to Financial Statements.

MAZZONI CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	2012				
	Program Services				
	Medical Care Services	Social Care Services	Prevention, Education and Legal Services	Behavioral Health Services	Total Program Services
Salaries and Related Expenses:					
Salaries	\$ 480,241	\$ 1,060,653	\$ 903,510	\$ 684,359	\$ 3,128,764
FICA Taxes	36,328	78,554	67,361	51,200	233,444
PAUC Taxes	8,260	19,640	17,545	9,666	55,111
Worker's Compensation	2,461	5,922	5,556	3,111	17,050
Benefits	77,651	176,934	158,831	91,709	505,126
Total Salaries and Related Expenses	604,941	1,341,704	1,152,804	840,046	3,939,495
Subcontractors	428,914	-	58,827	53,553	541,294
Payroll Services	-	-	-	-	-
Audit	-	-	-	-	-
Legal	-	-	-	-	-
Occupancy	56,616	137,592	125,301	70,023	389,531
Insurance	7,542	19,443	21,690	9,611	58,288
Telephone	6,458	15,745	14,358	7,938	44,500
Equipment Repairs and Maintenance	18,485	25,508	25,436	13,033	82,462
Office Expenses	9,357	25,601	22,192	12,711	69,861
Program Expenses	230,461	927,879	186,625	10,542	1,355,507
Advertising and Subscriptions	-	-	3,152	-	3,152
Postage	1,394	3,428	3,028	1,696	9,545
Travel	241	10,604	41,801	5,304	57,950
Meetings, Conferences and Development	-	50	2,650	40	2,740
Bank Charges	234	-	-	154	387
Credit Card Fees	2,240	-	-	1,688	3,928
Interest Expense	-	-	-	-	-
Loss on Disposal of Equipment	-	-	-	-	-
Program and Support Expenses Before Depreciation	1,366,883	2,507,555	1,657,863	1,026,339	6,558,640
Depreciation	9,209	22,398	20,651	11,546	63,804
Total Functional Expenses	<u>\$ 1,376,092</u>	<u>\$ 2,529,953</u>	<u>\$ 1,678,514</u>	<u>\$ 1,037,885</u>	<u>\$ 6,622,444</u>

See Accompanying Notes to Financial Statements.

MAZZONI CENTER
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)

	2012				2011
	Support Services				
	Management and General Expenses	Fundraising	Total Support Services	Total Expenses	Total Expenses
Salaries and Related Expenses:					
Salaries	\$ 857,030	\$ 131,077	\$ 988,107	\$ 4,116,870	\$ 3,596,566
FICA Taxes	62,147	9,827	71,974	305,418	266,245
PAUC Taxes	12,460	1,408	13,868	68,979	57,354
Worker's Compensation	1,513	434	1,947	18,997	30,030
Benefits	122,784	18,636	141,420	646,546	560,139
Total Salaries and Related Expenses	1,055,934	161,381	1,217,315	5,156,810	4,510,334
Subcontractors	1,190	5,631	6,821	548,115	469,881
Payroll Services	9,845	-	9,845	9,845	8,032
Audit	22,000	-	22,000	22,000	21,500
Legal	1,000	-	1,000	1,000	-
Occupancy	67,277	9,846	77,123	466,654	403,774
Insurance	8,190	1,355	9,545	67,833	79,178
Telephone	5,528	1,123	6,651	51,151	45,432
Equipment Repairs and Maintenance	18,090	1,858	19,948	102,410	76,873
Office Expenses	27,024	2,302	29,326	99,187	91,922
Program Expenses	-	78,454	78,454	1,433,962	1,339,554
Advertising and Subscriptions	11,048	2,755	13,803	16,955	30,197
Postage	1,795	259	2,054	11,599	12,654
Travel	1,514	160	1,674	59,624	37,781
Meetings, Conferences and Development	1,033	545	1,578	4,318	4,959
Bank Charges	7,815	50	7,865	8,252	10,658
Credit Card Fees	2,424	4,052	6,476	10,404	5,656
Interest Expense	111	-	111	111	9,313
Loss on Disposal of Equipment	1,873	-	1,873	1,873	-
Program and Support Expenses Before Depreciation	1,243,693	269,770	1,513,463	8,072,103	7,157,698
Depreciation	13,388	1,612	15,000	78,804	68,874
Total Functional Expenses	\$ 1,257,081	\$ 271,382	\$ 1,528,463	\$ 8,150,907	\$ 7,226,572

See Accompanying Notes to Financial Statements.

**MAZZONI CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 389,941	\$ 504,117
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	78,804	68,874
Donated Property and Equipment	(106,711)	-
Loss on Disposal of Equipment	1,873	-
(Increase) Decrease in:		
Accounts Receivable	397,504	(333,997)
Grants Receivable	(88,681)	18,280
Prepaid Expenses	(18,900)	(89,205)
Inventory	(11,488)	-
Promises to Give	(20,473)	-
Security Deposit	(200)	8,333
Increase (Decrease) in:		
Accounts Payable	(101,686)	31,824
Accrued Expenses	63,981	111,040
Deferred Rent	(8,110)	5,867
Net Cash Provided by Operating Activities	575,854	325,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(144,447)	(68,708)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	-	2,560,000
Payments on Line of Credit	-	(2,799,000)
Net Cash Used by Financing Activities	-	(239,000)
NET INCREASE IN CASH	431,407	17,425
Cash and Cash Equivalents - Beginning of Year	43,443	26,018
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 474,850	\$ 43,443
SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION		
Interest paid	\$ 111	\$ 9,313
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Donated Property and Equipment	\$ 106,711	\$ -

See Accompanying Notes to Financial Statements.

**MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

Mazzoni Center (the "Organization") was established in 1979. The mission of Mazzoni Center is to provide quality comprehensive health and wellness services in a lesbian, gay, bisexual and transgender (LGBT) – focused environment, while preserving the dignity and improving the quality of life of the individuals it serves.

The Board of Directors of Mazzoni Center has full responsibility to direct and carry out the activities including, but not limited to the planning and oversight of management of Mazzoni Center and the authority to borrow money, purchase, sell or transfer property.

Mazzoni Center carries out its activities through the following programs funded primarily through government contracts and grants:

Medical Care Services:

Mazzoni Center operates the only Health Center in Philadelphia directly targeting the LGBT communities. The center provides primary care, HIV primary care, GYN services and STD screening and treatment.

Social Care Services:

Mazzoni Center provides Case Management, Targeted Case Management to LGBT and Youth, Regional Food Bank and Housing services to people with HIV/AIDS and their families. Services include direction and assistance in obtaining medical assistance, disability insurance and linkage to affordable rental housing subsidies.

Prevention, Education and Legal Services:

Mazzoni Center operates the largest community based HIV testing facility in Philadelphia. The agency provides HIV testing to an average of 6,000 people annually. In addition through various modes of outreach (street, internet, media, etc) Mazzoni Center targets at-risk individuals with unknown HIV status. Outreach activities also target HIV positive individuals with the goal of linking them into medical care and to provide supports to prevent further HIV transmission.

Mazzoni Center conducts educational workshops for youth in the School District of Philadelphia, and is responsible for the development of literature addressing Public Health issues related to HIV and AIDS. Mazzoni Center currently distributes over 70,000 pieces of information each year.

Mazzoni Center added legal services to its continuum of care. Services are direct legal assistance for members of the LGBT community who could not otherwise afford representation. The organization serves individuals facing discrimination based on sexual orientation or gender identity, or who require legal assistance in the area of employment rights, family law, youth law, and trans-specific services.

**MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Organization and Operations (Continued)

Behavioral Health Services:

Mazzoni Center is a licensed mental health and substance abuse treatment provider targeting the LGBT communities. Through this program, Mazzoni Center currently provides therapy session to individuals, families, couples, and groups through an average of 7,000 hours of counseling annually.

Financial Statement Presentation

The financial statements of the Organization are reported on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to the following three classes of net assets:

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes and prohibits the use of principal. At June 30, 2012, the Organization did not have any permanently restricted net assets.

Temporarily Restricted Net Assets

Net assets whose use has been limited by donors to a specific time period or purpose. When a 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. At June 30, 2012, the Organization did have temporarily restricted net assets of \$149,967.

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

The Center considers all government awards to be exchange transactions in which each party receives and sacrifices commensurate value. Accordingly, government awards do not affect temporarily restricted or permanently restricted net assets, and funds received in advance are deferred revenue and funds disbursed and not reimbursed represent receivables.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments with an initial maturity of less than three months to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) within the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a 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.

Contracts, Grants and Accounts Receivable

The contracts and grants under which Mazzone Center conducts its programs contain provisions defining costs, which are allowable and reimbursable within the program. All program billings for the year ended June 30, 2012 are subject to audit by various governmental funding sources. The audit of these billings may result in adjustments for expense disallowances. It is Mazzone Center's practice to provide for such adjustments at the time that they are reasonably estimable.

The Organization provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Accounts past due 90 days are individually analyzed for collectibility. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off. At June 30, 2012, the allowance for doubtful accounts amounted to \$28,651.

Third Party Billings

On July 1, 2010, the Organization had entered into a 340B drug pricing program agreement with Walgreens Co., for the dispensing of prescription outpatient pharmaceutical products prescribed by an authorized medical provider affiliated with the Center. As part of this agreement the Organization was required to enter into an agreement with a third party pharmaceutical manufacturer, AmeriSource Bergen, to purchase the drugs, which will be dispensed at three Walgreens pharmacies and the Organization's Health Center in Philadelphia, Pennsylvania. Walgreens will pay the Organization 100% of the patient's payments less an agreed upon administrative, dispensing and third party fee. The Organization has recorded this transaction and all other third party billings transactions at net realizable value and recorded in revenue as earned. For the year ended June 30, 2012, revenues recognized for third party billings totaled \$2,482,297 of which \$1,149,993 was related to this 340B drug pricing program.

MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivables is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. No allowance for uncollectible accounts was warranted at June 30, 2012.

Inventory

Inventory, consisting of vaccines located at the Organization's Health Center are valued at the lower of cost (first-in, first-out) or market.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Depreciation of property and equipment are computed using the straight-line method over the estimated useful asset lives (shorter of asset life or lease term for leasehold improvements).

Donations of property and equipment are recorded as support at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Expenditures for repairs and maintenance are charged to expense as incurred, while major renewals and betterments are capitalized. Contributed assets are valued at the fair market value at the date of donation.

The useful lives of property and equipment for purposes of computing depreciation are:

Computer equipment	3-5 years
Furniture and fixtures	7 years
Leasehold improvements	10 years

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs are allocated between programs and supporting services based on full-time employees' salaries.

**MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on the straight-line basis exceed or are less than the cash payments required.

Income Taxes

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard had no impact on Organization's financial statements.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The tax returns for the years 2009, 2010 and 2011 are open for federal and state tax examinations.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs are to promote Mazzone Center's services.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Mazzone Center's financial statements for the year ended June 30, 2011, from which the comparative totals were derived. Certain accounts in the prior year summarized comparative information have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 19, 2012 the date the financial statements were available to be issued.

**MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30, 2012:

	<u>Amount</u>
Government and Contracts Receivable	\$ 1,244,224
Third Party Billing Receivable	286,510
Total Accounts Receivable	<u>1,530,734</u>
Less: Allowance for Doubtful Accounts	28,651
Net Accounts Receivable	<u><u>\$ 1,502,083</u></u>

NOTE 3 CHARITY CARE

The mission of Mazzone Center is "to provide quality comprehensive health and wellness services in an LGBT-focused environment, while preserving the dignity and improving the quality of life of the individuals we serve." The organization provides a continuum of prevention and care services, including HIV counseling and testing, primary medical services, transgender specific medical care, mental health and substance abuse services, case management, housing, nutrition and food bank services, education services and legal services. Mazzone Center provides services to patients and clients regardless of their ability to pay for those services.

Mazzone Center defines and measures its "investment in" and "partnership with" the community through offering our low-income and/or uninsured patients and clients services at reduced cost or free of charge, as defined under its financial assistance departmental policies. Key elements used to determine eligibility include a patient's demonstrated inability to pay based on family size and household income related to federal income poverty guidelines. Because Mazzone Center does not pursue collection of amounts determined to qualify for financial assistance, they are not reported as revenue.

Mazzone Center has estimated its costs of providing charity care by reducing the amount collected from patient ability to pay to the actual cost of delivering the service. Using this methodology, Mazzone Center has estimated the costs foregone for services and supplies furnished under Mazzone Center's financial assistance policy aggregated approximately \$619,000 for the year ended June 30, 2012.

**MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 PROMISES TO GIVE

The Organization has unconditional promises to give from various donors for multi-year periods. Amounts to be received in excess of one year have been discounted to net present value at 2.64%. Unconditional promises to give at June 30, 2012 are as follows:

Amount Due Within One Year	\$	6,947
Amount Due Within One to Three Years		13,893
Total Unconditional Promises to Give		20,840
Less:		
Discount to Net Present Value		(367)
Net Unconditional Promises to Give	\$	20,473

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2012:

		Amount
Office Equipment and Furniture	\$	604,306
Leasehold Improvements		79,177
Total		683,483
Less: Accumulated Depreciation		357,207
Total Property and Equipment	\$	326,276

Depreciation expense for the year ended June 30, 2012 was \$78,804.

NOTE 6 DONATED ART

In May 2008, the Organization received art donated from various artists within the community to be auctioned off, by the Organization. These artworks were recorded at an estimated fair value. At June 30, 2012, the estimate fair value of these works of art was \$15,700, which will be auctioned off at future events.

NOTE 7 LINE OF CREDIT

The Organization has a line of credit from Bank of America that allows borrowings up to \$1,000,000. The line bears interest at the LIBOR rate plus 3.75% (3.99% at June 30, 2012). The line expires December 31, 2012 and can be renewed on an annual basis. The line is secured by the Organization's equipment and accounts receivable. There was no outstanding balance on the line of credit at June 30, 2012.

**MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8 OPERATING LEASES

The Organization is committed under various long-term operating leases for rental of office space, its medical facility and equipment through December 31, 2021. Rent expense incurred under these leases for the year ending June 30, 2012 was \$442,580.

The aggregate minimum rental commitments at June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 500,987
2014	491,549
2015	496,239
2016	510,502
2017	360,147
Thereafter	882,602
Total	<u>\$ 3,242,026</u>

NOTE 9 EMPLOYEE BENEFIT PLAN

The Organization maintains a 403(b) plan for its employees. The employees may voluntarily contribute up to 15% of their salary, not to exceed federal limits, commencing at the first day of employment. Mazzoni Center will make a contribution of 3% of the total compensation once the employee has completed 1,000 hours of service. For the year ended June 30, 2012, Mazzoni Center's contributions to the plan were \$123,506.

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

<u>Purpose Restricted:</u>	
William Penn Foundation	\$ 48,125
Susan G. Komen	22,500
Arcus Foundation	25,000
Philadelphia Foundation	20,833
Total Purpose Restricted	<u>116,458</u>
<u>Time Restricted:</u>	
AIDS Fund	11,836
Independence Foundation	833
Matthew White Exam Room Pledge	5,000
Nurit Shein and Sue Elwell Exam Room Pledge	5,000
Dr. Jimmy Ruiz and Matthew Capucini Exam Room Pledge	9,000
Andy Margolis Exam Room Pledge	1,840
Total Time Restricted	<u>33,509</u>
Total Temporarily Restricted Net Assets	<u>\$ 149,967</u>

MAZZONI CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 SIGNIFICANT CONCENTRATIONS AND RISKS

The Organization receives approximately 61% of its support and revenues from federal, state and city awards. The continuation of these revenues is dependent upon federal, state and city programs, which may be adversely affected by change in funding priorities. A reduction in the level of government support could have an adverse effect on the Organization's programs and activities.

NOTE 12 DONATED SERVICES

Contributions of donated in-kind assets are recorded at their fair market values in the period received. Donated services, equipment and materials are recognized as contributions. Donated services are recognized if the services, they create or enhance nonfinancial assets that require specialized skills or are provided by individuals who possess skills that would typically need to be purchased if not provided by donation. Donated equipment and materials are recognized at the estimated fair value at the date of receipt. These amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses, except for amounts for donated equipment, which are capitalized.

The following is a summary of the in-kind contributions received by Mazzoni Center during the year ended June 30, 2012. The in-kind contributions have been recorded as revenue and are also included as expenses where applicable in the statement of activities.

Donated Services	\$ 10,572
Donated Materials	25,184
Donated Equipment	<u>106,711</u>
Total	<u>\$ 142,467</u>

MAZZONI CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA No.	Grant ID/ Contract No.	Grant Period	Expenditures
Federal Awards:				
<u>U.S. Department of Health and Human Services</u>				
Pass Through Health Resources and Services Administration				
Affordable Care Act - Health Center Planning Grant	93.527	P04CS22968	9/1/11-8/31/12	\$ 60,644
Pass-Through Family Planning Council				
Pediatric AIDS Health Care Demonstration Program - COC Testing	93.153	114502	8/1/10-7/31/11	4,167
Pass-Through Family Planning Council				
Pediatric AIDS Health Care Demonstration Program - COC Adolescents	93.153	114503	8/1/10-7/31/11	5,167
Pass-Through Family Planning Council				
Pediatric AIDS Health Care Demonstration Program - COC Adolescents	93.153	124503	8/1/11-7/31/12	69,092
Pass-Through Family Planning Council				
HIV Care Formula Grants - Region III Chlamydia Project	93.217	124501	7/1/11-6/30/12	22,893
Total Pass-Through Family Planning Council				101,319
Pass-through Department of Public Health				
Preventive Health Services - Sexually Transmitted Disease Control Grants - Syphilis	93.977	1220472	2/1/12-1/31/13	10,736
Pass-through Department of Public Health				
Preventive Health Services - Sexually Transmitted Disease Control Grants - Syphilis	93.977	0920113-013	9/1/11-8/31/12	25,331
Pass-through Department of Public Health				
Preventive Health Services - Sexually Transmitted Disease Control Grants - Syphilis	93.977	09201113-02	9/1/10-8/31/11	12,422
Total Pass-Through Department of Health				48,489
Pass-through Center for Disease Control				
HIV Prevention Activities: Non-Governmental Organization Based	93.939	1U65PS002490-02	7/1/11-6/30/12	335,748
Pass-through Center for Substance Abuse Treatment				
Substance Abuse and Mental Health Services	93.243	1H79T1019828-03	9/30/10-9/29/11	101,536
Pass-through Center for Substance Abuse Treatment				
Substance Abuse and Mental Health Services	93.243	1H79T1019828-04	9/30/11-9/29/12	320,878
Total Pass-through Center for Substance Abuse Treatment				422,414

See Notes to Schedule of Expenditures of Federal, State and City Awards

MAZZONI CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA No.	Grant ID/ Contract No.	Grant Period	Expenditures
Federal Awards (Continued):				
<u>U.S. Department of Health and Human Services</u>				
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Case Management	93.914	R2592/0920893-03	3/1/12-2/28/13	\$ 339,292
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Case Management	93.914	R1592/0920893-02	3/1/11-2/29/12	702,228
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Ambulatory/Outpatient Care	93.914	R2943/0920893-03	3/1/12-2/28/13	19,841
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Ambulatory/Outpatient Care	93.914	R1943/0920893-02	3/1/11-2/29/12	144,420
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Early Intervention	93.914	RS2971/0920893-03	3/1/12-2/28/13	26,330
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Substance Abuse	93.914	RS1501/0920893-02	3/1/11-2/29/12	145,241
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants -Food Bank	93.914	RS2594/0920893-03	3/1/12-2/28/13	9,353
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Substance Abuse Services	93.914	RS2501/0920893-03	3/1/12-2/28/13	63,366
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants -Food Bank	93.914	RS1971/0920893-02	3/1/11-2/28/12	54,146
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants -Food Bank	93.914	RS1594/0920893-02	3/1/11-2/29/12	58,137
Total Pass-Through AIDS Activities Coordinating Office				<u>1,562,354</u>
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Food Bank	93.917	RXA2033/1020497-02	7/1/11-3/31/12	39,819
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Food Bank	93.917	RXB2033/1020497-02	4/1/12-6/30/12	13,273
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Ambulatory/Outpatient Care	93.917	RXA2034/1020497-02	7/1/11-3/31/12	275,700

See Notes to Schedule of Expenditures of Federal, State and City Awards

MAZZONI CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA No.	Grant ID/ Contract No.	Grant Period	Expenditures
Federal Awards (Continued):				
<u>U.S. Department of Health and Human Services</u>				
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Ambulatory/Outpatient Care	93.917	RXB2034/1020497-02	4/1/12-6/30/12	\$ 91,900
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants -Psychosocial Support	93.917	RXA2035/1020497-02	7/1/11-3/31/12	3,624
Pass-through AIDS Activities Coordinating Office				
/ HIV Emergency Relief Project Grants - Psychosocial Support	93.917	RXB2035/1020497-02	4/1/12-6/30/12	1,208
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Substance Abuse Services	93.917	RXA2095/1020497-02	7/1/11-3/31/12	27,819
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Substance Abuse Services	93.917	RXB2095/1020497-02	4/1/12-6/30/12	9,273
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants -Nutritional Therapy	93.917	RXA2105/1020497-02	7/1/11-3/31/12	21,156
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants -Nutritional Therapy	93.917	RXB2105/1020497-02	4/1/12-6/30/12	7,052
Total Pass-Through AIDS Activities Coordinating Office				<u>490,824</u>
Pass-through AIDS Activities Coordinating Office				
HIV Prevention Activities - Health Department Based - CTR	93.940	CPA2015/1220455	1/1/12-12/31/12	125,568
Pass-through AIDS Activities Coordinating Office				
HIV Prevention Activities - Health Department Based - RISK COUNSELING	93.940	CPA2016/1220455	1/1/12-12/31/12	32,274
Pass-through AIDS Activities Coordinating Office				
HIV Prevention Activities - Health Department Based - 3MV	93.940	CPA2017/1220455	1/1/12-12/31/12	39,201
Pass-through AIDS Activities Coordinating Office				
HIV Prevention Activities - Health Department Based - Social Network	93.940	CPB2001/1220455	1/1/12-12/31/12	91,188
Pass-through AIDS Activities Coordinating Office				
HIV Prevention Activities - Health Department Based - CRCS	93.940	C1220/0920800-02	1/1/11-12/31/11	62,581
Pass-through AIDS Activities Coordinating Office				
HIV Prevention Activities - Health Department Based - HERR/HR (3MV)	93.940	C1221/0920800-02	1/1/11-12/31/11	35,087
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Non Clinical HIV Testing	93.940	EI1006/0820453-02	9/29/10-9/30/11	46,786
Pass-through AIDS Activities Coordinating Office				
HIV Emergency Relief Project Grants - Non Clinical HIV Testing	93.940	EI2006/1120318-01	9/30/11-12/29/11	43,750
Total Pass-Through AIDS Activities Coordinating Office				<u>476,435</u>
Pass-through AIDS Activities Coordinating Office				
HIV Prevention Activities - Health Department Based - CTR	93.523	EP1018/1020107-02	8/1/11-9/29/11	8,333
Pass-through AIDS Activities Coordinating Office				
HIV Prevention Activities - Health Department Based - CTR	93.523	EP2018/1120598-01	9/29/11-12/29/11	12,500
Total Pass-Through AIDS Activities Coordinating Office				<u>20,833</u>
Pass-through City of Philadelphia Dept. of Human Services				
Positive Youth Development	93.558	11-20229-02	7/1/11-6/30/12	99,550

See Notes to Schedule of Expenditures of Federal, State and City Awards

MAZZONI CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2012

Program Title	Federal CFDA No.	Grant ID/ Contract No.	Grant Period	Expenditures
Federal Awards (Continued):				
<u>U.S. Department of Housing and Urban Development</u>				
Pass-through City of Philadelphia				
Office of Housing and Community Development - HOPWA	14.241	1120159	7/1/11-6/30/12	\$ 1,169,426
Total Federal Awards				4,788,036
State Awards:				
<u>Commonwealth of Pennsylvania</u>				
Pass-through AIDS Activity Coordinating Office - CTR	N/A	S2036/1020107-02	7/1/11-12/31/11	177,027
Pass-through AIDS Activity Coordinating Office - Health Sexuality Center	N/A	S2005/1020107-02	7/1/11-6/30/12	39,404
Pass-through AIDS Activity Coordinating Office - CTR	N/A	Z2110/1020498-02	7/1/11-6/30/12	107,124
Pass-through AIDS Activity Coordinating Office - Health Department Based - CTR	N/A	CPA2015/1220455	1/1/12-12/31/12	44,879
Total State Awards				368,434
City Awards:				
<u>Philadelphia Department of Public Health</u>				
Pass-through AIDS Activity Coordinating Office - City Food	N/A	G2424/1020049-02	7/1/11-6/30/12	15,000
Pass-through AIDS Activity Coordinating Office - Ambulatory Care	N/A	G2425/1020049-02	7/1/11-6/30/12	35,000
Total Pass-Through AIDS Activities Coordinating Office				50,000
Pass-through PHMC - Tokens	N/A	Tokens	7/1/11-6/30/12	2,455
Total City Awards				52,455
Total Federal, State and City Awards				\$ 5,208,925

See Notes to Schedule of Expenditures of Federal, State and City Awards

MAZZONI CENTER
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 the federal, state and city award programs of Mazzoni Center. All financial assistance received directly from federal agencies as well as financial assistance passed through other governmental agencies or nonprofit organizations are included on the schedule.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal, State and City Awards is presented on the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal, state or city 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 in the financial statements as program services in the statement of functional expenses. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal, State and City Awards due to program expenditures exceeding grant or contract budget limitations which are not included as federal and city awards.

NOTE 4 ABBREVIATIONS

The Center for Disease Control, Tobacco Information and Preventive Source has been abbreviated to "CDC/TIP" and Philadelphia Health Management Corporation has been abbreviated to "PHMC" on the accompanying schedule. In addition, Circle of Care has been abbreviated as "COC".

MAZZONI CENTER
SCHEDULE 1 – AACO CONTRACT NUMBER 09-20893-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number R1592</u>	<u>Award Number R1943</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 459,405	\$ 19,290
Fringe Benefits	128,641	5,747
Total Personnel Expenditures	<u>588,046</u>	<u>25,037</u>
Operating:		
Equipment	-	-
Travel	7,465	-
Supplies	14,646	20,515
Subcontract	-	89,336
Occupancy	-	-
Communications	5,011	166
Leased Rentals and Maintenance	8,463	193
Insurance	8,387	173
Total Operating Expenditures	<u>43,972</u>	<u>110,383</u>
Total Direct Expenditures	632,018	135,420
Indirect Expenditures	<u>70,210</u>	<u>9,000</u>
Total Expenditures	702,228	144,420
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 702,228</u>	<u>\$ 144,420</u>

MAZZONI CENTER
SCHEDULE 1 – AACO CONTRACT NUMBER 09-20893-02 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number RS1501</u>	<u>Award Number RS1594</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 99,367	\$ 4,653
Fringe Benefits	24,911	1,294
Total Personnel Expenditures	<u>124,278</u>	<u>5,947</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	2,352	44,768
Subcontract	-	-
Occupancy	-	728
Communications	1,086	89
Leased Rentals and Maintenance	1,755	121
Insurance	1,464	109
Total Operating Expenditures	<u>6,657</u>	<u>45,815</u>
Total Direct Expenditures	130,935	51,762
Indirect Expenditures	<u>14,306</u>	<u>6,375</u>
Total Expenditures	145,241	58,137
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 145,241</u>	<u>\$ 58,137</u>

MAZZONI CENTER
SCHEDULE 1 – AACO CONTRACT NUMBER 09-20893-02 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number RS1971</u>
Direct Expenditures	
Personnel:	
Salaries	\$ 34,909
Fringe Benefits	10,330
Total Personnel Expenditures	<u>45,239</u>
Operating:	
Equipment	-
Travel	-
Supplies	1,135
Subcontract	-
Occupancy	-
Communications	668
Leased Rentals and Maintenance	993
Insurance	734
Total Operating Expenditures	<u>3,530</u>
Total Direct Expenditures	48,769
Indirect Expenditures	<u>5,377</u>
Total Expenditures	54,146
Program Revenue	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 54,146</u>

MAZZONI CENTER
SCHEDULE 2 – AACO CONTRACT NUMBER 09-20893-03
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number R2592</u>	<u>Award Number R2943</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 221,900	\$ 8,916
Fringe Benefits	57,346	2,007
Total Personnel Expenditures	<u>279,246</u>	<u>10,923</u>
Operating:		
Equipment	8,024	-
Travel	17	-
Supplies	5,510	6,575
Subcontract	-	-
Occupancy		-
Communications	2,413	67
Leased Rentals and Maintenance	5,155	142
Insurance	3,823	134
Total Operating Expenditures	<u>24,942</u>	<u>6,918</u>
Total Direct Expenditures	304,188	17,841
Indirect Expenditures	<u>35,104</u>	<u>2,000</u>
Total Expenditures	339,292	19,841
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 339,292</u>	<u>\$ 19,841</u>

MAZZONI CENTER
SCHEDULE 2 – AACO CONTRACT NUMBER 09-20893-03 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	Award Number RS2501	Award Number RS2594
Direct Expenditures		
Personnel:		
Salaries	\$ 44,891	\$ 2,238
Fringe Benefits	9,718	672
Total Personnel Expenditures	54,609	2,910
Operating:		
Equipment	-	-
Travel	-	-
Supplies	852	5,353
Subcontract	-	-
Occupancy	-	367
Communications	397	26
Leased Rentals and Maintenance	866	57
Insurance	634	44
Total Operating Expenditures	2,749	5,847
Total Direct Expenditures	57,358	8,757
Indirect Expenditures	6,008	596
Total Expenditures	63,366	9,353
Program Revenue	-	-
Net AACO Funded Expenditures	\$ 63,366	\$ 9,353

MAZZONI CENTER
SCHEDULE 2 – AACO CONTRACT NUMBER 09-20893-03 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number RS2971</u>
Direct Expenditures	
Personnel:	
Salaries	\$ 17,200
Fringe Benefits	4,798
Total Personnel Expenditures	<u>21,998</u>
Operating:	
Equipment	-
Travel	-
Supplies	635
Subcontract	-
Occupancy	-
Communications	214
Leased Rentals and Maintenance	456
Insurance	339
Total Operating Expenditures	<u>1,644</u>
Total Direct Expenditures	23,642
Indirect Expenditures	<u>2,688</u>
Total Expenditures	26,330
Program Revenue	<u>-</u>
Net AACO Funded Expenditures	<u><u>\$ 26,330</u></u>

MAZZONI CENTER
SCHEDULE 3 – AACO CONTRACT NUMBER 10-20497-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number RXA2033</u>	<u>Award Number RXB2033</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 20,483	\$ 6,750
Fringe Benefits	5,956	601
Total Personnel Expenditures	<u>26,439</u>	<u>7,351</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	5,184	2,807
Subcontract	-	-
Occupancy	3,561	1,507
Communications	499	107
Leased Rentals and Maintenance	-	-
Insurance	595	174
Total Operating Expenditures	<u>9,839</u>	<u>4,595</u>
Total Direct Expenditures	36,278	11,946
Indirect Expenditures	<u>3,541</u>	<u>1,327</u>
Total Expenditures	39,819	13,273
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 39,819</u>	<u>\$ 13,273</u>

MAZZONI CENTER
SCHEDULE 3 – AACO CONTRACT NUMBER 10-20497-02 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number RXA2034</u>	<u>Award Number RXB2034</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 75,992	\$ 26,301
Fringe Benefits	20,748	7,154
Total Personnel Expenditures	<u>96,740</u>	<u>33,455</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	110,097	35,456
Subcontract	40,094	13,465
Occupancy	-	-
Communications	538	127
Leased Rentals and Maintenance	-	-
Insurance	661	207
Total Operating Expenditures	<u>151,390</u>	<u>49,255</u>
Total Direct Expenditures	248,130	82,710
Indirect Expenditures	<u>27,570</u>	<u>9,190</u>
Total Expenditures	275,700	91,900
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 275,700</u>	<u>\$ 91,900</u>

MAZZONI CENTER
SCHEDULE 3 – AACO CONTRACT NUMBER 10-20497-02 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number RXA2035</u>	<u>Award Number RXB2035</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 2,453	\$ 827
Fringe Benefits	662	218
Total Personnel Expenditures	<u>3,115</u>	<u>1,045</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	69	18
Subcontract	-	-
Occupancy	-	-
Communications	28	9
Leased Rentals and Maintenance	-	-
Insurance	49	15
Total Operating Expenditures	<u>146</u>	<u>42</u>
Total Direct Expenditures	3,261	1,087
Indirect Expenditures	<u>363</u>	<u>121</u>
Total Expenditures	3,624	1,208
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 3,624</u>	<u>\$ 1,208</u>

MAZZONI CENTER
SCHEDULE 3 – AACO CONTRACT NUMBER 10-20497-02 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number RXA2095</u>	<u>Award Number RXB2095</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 19,056	\$ 6,378
Fringe Benefits	5,119	1,659
Total Personnel Expenditures	<u>24,175</u>	<u>8,037</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	369	182
Subcontract	-	-
Occupancy	-	-
Communications	222	49
Leased Rentals and Maintenance	-	-
Insurance	272	78
Total Operating Expenditures	<u>863</u>	<u>309</u>
Total Direct Expenditures	25,038	8,346
Indirect Expenditures	<u>2,781</u>	<u>927</u>
Total Expenditures	27,819	9,273
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 27,819</u>	<u>\$ 9,273</u>

MAZZONI CENTER
SCHEDULE 3 – AACO CONTRACT NUMBER 10-20497-02 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number RXA2105</u>	<u>Award Number RXB2105</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 6,655	\$ 2,218
Fringe Benefits	1,797	665
Total Personnel Expenditures	<u>8,452</u>	<u>2,883</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	137	38
Subcontract	10,313	3,374
Occupancy	-	-
Communications	48	19
Leased Rentals and Maintenance	-	-
Insurance	90	33
Total Operating Expenditures	<u>10,588</u>	<u>3,464</u>
Total Direct Expenditures	19,040	6,347
Indirect Expenditures	<u>2,116</u>	<u>705</u>
Total Expenditures	21,156	7,052
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u><u>\$ 21,156</u></u>	<u><u>\$ 7,052</u></u>

MAZZONI CENTER
SCHEDULE 4 – AACO CONTRACT NUMBER 12-20455
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number CPA2015</u>	<u>Award Number CPA2016</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 86,871	\$ 17,048
Fringe Benefits	25,560	5,808
Total Personnel Expenditures	<u>112,431</u>	<u>22,856</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	22,021	2,103
Subcontract	-	-
Occupancy	15,022	3,017
Communications	1,678	332
Leased Rentals and Maintenance		492
Insurance	1,793	348
Total Operating Expenditures	<u>40,514</u>	<u>6,292</u>
Total Direct Expenditures	152,945	29,148
Indirect Expenditures	<u>17,502</u>	<u>3,126</u>
Total Expenditures	170,447	32,274
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 170,447</u>	<u>\$ 32,274</u>

MAZZONI CENTER
SCHEDULE 4 – AACO CONTRACT NUMBER 12-20455 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number CPA2017</u>	<u>Award Number CBP2001</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 18,985	\$ 46,736
Fringe Benefits	6,402	13,778
Total Personnel Expenditures	<u>25,387</u>	<u>60,514</u>
Operating:		
Equipment	-	-
Travel	4,580	-
Supplies	1,144	10,946
Subcontract	-	-
Occupancy	3,017	7,900
Communications	332	878
Leased Rentals and Maintenance	493	1,288
Insurance	348	914
Total Operating Expenditures	<u>9,914</u>	<u>21,926</u>
Total Direct Expenditures	35,301	82,440
Indirect Expenditures	<u>3,900</u>	<u>8,748</u>
Total Expenditures	39,201	91,188
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 39,201</u>	<u>\$ 91,188</u>

MAZZONI CENTER
SCHEDULE 5 – AACO CONTRACT NUMBER 10-20498-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number Z2110</u>
Direct Expenditures	
Personnel:	
Salaries	\$ 54,193
Fringe Benefits	14,605
Total Personnel Expenditures	<u>68,798</u>
Operating:	
Equipment	-
Travel	1,550
Supplies	14,777
Subcontract	-
Occupancy	9,140
Communications	943
Leased Rentals and Maintenance	-
Insurance	1,204
Total Operating Expenditures	<u>27,614</u>
Total Direct Expenditures	96,412
Indirect Expenditures	<u>10,712</u>
Total Expenditures	107,124
Program Revenue	<u>-</u>
Net AACO Funded Expenditures	<u><u>\$ 107,124</u></u>

MAZZONI CENTER
SCHEDULE 6 – AACO CONTRACT NUMBER 10-20049-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number G2424</u>	<u>Award Number G2425</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 6,182	\$ 20,420
Fringe Benefits	1,894	5,743
Total Personnel Expenditures	<u>8,076</u>	<u>26,163</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	4,095	2,499
Subcontract	-	-
Occupancy	921	2,025
Communications	108	222
Leased Rentals and Maintenance	166	320
Insurance	134	271
Total Operating Expenditures	<u>5,424</u>	<u>5,337</u>
Total Direct Expenditures	13,500	31,500
Indirect Expenditures	<u>1,500</u>	<u>3,500</u>
Total Expenditures	15,000	35,000
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 15,000</u>	<u>\$ 35,000</u>

MAZZONI CENTER
SCHEDULE 7 – AACO CONTRACT NUMBER 10-20107-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012.

	<u>Award Number S2005</u>	<u>Award Number S2036</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 22,177	\$ 90,999
Fringe Benefits	6,220	24,479
Total Personnel Expenditures	<u>28,397</u>	<u>115,478</u>
Operating:		
Equipment	-	-
Travel	600	790
Supplies	2,701	27,507
Subcontract	-	-
Occupancy	3,014	12,143
Communications	326	1,380
Leased Rentals and Maintenance	-	-
Insurance	426	2,088
Total Operating Expenditures	<u>7,067</u>	<u>43,908</u>
Total Direct Expenditures	35,464	159,386
Indirect Expenditures	<u>3,940</u>	<u>17,641</u>
Total Expenditures	39,404	177,027
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 39,404</u>	<u>\$ 177,027</u>

MAZZONI CENTER
SCHEDULE 7 – AACO CONTRACT NUMBER 10-20107-02 (CONTINUED)
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number EP1018</u>
Direct Expenditures	
Personnel:	
Salaries	\$ 4,270
Fringe Benefits	1,153
Total Personnel Expenditures	<u>5,423</u>
Operating:	
Equipment	-
Travel	-
Supplies	1,162
Subcontract	
Occupancy	603
Communications	66
Leased Rentals and Maintenance	139
Insurance	106
Total Operating Expenditures	<u>2,076</u>
Total Direct Expenditures	7,499
Indirect Expenditures	<u>834</u>
Total Expenditures	8,333
Program Revenue	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 8,333</u>

MAZZONI CENTER
SCHEDULE 8 – ACO CONTRACT NUMBER 08-20453-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number E11006</u>
Direct Expenditures	
Personnel:	
Salaries	\$ 22,572
Fringe Benefits	5,866
Total Personnel Expenditures	<u>28,438</u>
Operating:	
Equipment	-
Travel	-
Supplies	10,371
Subcontract	-
Occupancy	2,802
Communications	105
Leased Rentals and Maintenance	204
Insurance	497
Total Operating Expenditures	<u>13,979</u>
Total Direct Expenditures	42,417
Indirect Expenditures	<u>4,369</u>
Total Expenditures	46,786
Program Revenue	<u>-</u>
Net ACO Funded Expenditures	<u><u>\$ 46,786</u></u>

MAZZONI CENTER
SCHEDULE 9 – AACO CONTRACT NUMBER 11-20598-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number EP2018</u>
Direct Expenditures	
Personnel:	
Salaries	\$ 6,487
Fringe Benefits	1,718
Total Personnel Expenditures	<u>8,205</u>
Operating:	
Equipment	-
Travel	
Supplies	1,741
Subcontract	-
Occupancy	898
Communications	106
Leased Rentals and Maintenance	154
Insurance	146
Total Operating Expenditures	<u>3,045</u>
Total Direct Expenditures	11,250
Indirect Expenditures	<u>1,250</u>
Total Expenditures	12,500
Program Revenue	<u>-</u>
Net AACO Funded Expenditures	<u><u>\$ 12,500</u></u>

MAZZONI CENTER
SCHEDULE 10 – AACO CONTRACT NUMBER 09-20800-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	Award Number C1220	Award Number C1221
Direct Expenditures		
Personnel:		
Salaries	\$ 35,068	\$ 20,576
Fringe Benefits	9,940	5,556
Total Personnel Expenditures	45,008	26,132
Operating:		
Equipment	-	-
Travel	-	2,000
Supplies	5,019	341
Subcontract	-	-
Occupancy	4,158	1,943
Communications	494	230
Leased Rentals and Maintenance	910	415
Insurance	703	335
Total Operating Expenditures	11,284	5,264
Total Direct Expenditures	56,292	31,396
Indirect Expenditures	6,289	3,691
Total Expenditures	62,581	35,087
Program Revenue	-	-
Net AACO Funded Expenditures	\$ 62,581	\$ 35,087

MAZZONI CENTER
SCHEDULE 11 – AACO CONTRACT NUMBER 11-20318-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2012

	<u>Award Number EI2006</u>
Direct Expenditures	
Personnel:	
Salaries	\$ 24,341
Fringe Benefits	6,815
Total Personnel Expenditures	<u>31,156</u>
Operating:	
Equipment	-
Travel	248
Supplies	3,537
Subcontract	-
Occupancy	2,933
Communications	359
Leased Rentals and Maintenance	674
Insurance	468
Total Operating Expenditures	<u>8,219</u>
Total Direct Expenditures	39,375
Indirect Expenditures	<u>4,375</u>
Total Expenditures	43,750
Program Revenue	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 43,750</u>

**MAZZONI CENTER
STATEMENT OF SOURCE AND STATUS OF FUNDS
CONTRACT NUMBER 12-20091
YEAR ENDED JUNE 30, 2012**

	HOPWA CDBG Funds	Program Income	Other City Funds	Non City Funds	Total
Total Contract (Final Authorized Budget)	\$ 1,221,520	\$ -	\$ -	\$ -	\$ 1,221,520
Less:					
Funds Drawn Down - Prior Fiscal Year	-	-	-	-	-
Funds Drawn Down - Current Fiscal Year	<u>987,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>987,278</u>
Total Funds Drawn Down	<u>987,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>987,278</u>
Funds Still Available for Draw Down	<u>\$ 234,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,242</u>
Add:					
Program Income	-	-	-	-	-
Total Funds Received	\$ 987,278	\$ -	\$ -	\$ -	\$ 987,278
Less:					
Program Income Expended	-	-	-	-	-
Funds Applied - Prior Fiscal Year	-	-	-	-	-
Funds Applied - Current Fiscal Year	<u>1,169,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,426</u>
Total Funds Applied	1,169,426	-	-	-	1,169,426
Total Funds Due From Funding Source	<u>\$ 182,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,148</u>
Total Funds Available For Disposition	<u>\$ 52,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,094</u>

**MAZZONI CENTER
SCHEDULE OF PROGRAM EXPENDITURES
CONTRACT NUMBER 12-20091
YEAR ENDED JUNE 30, 2012**

Contract Categories	Project Budget				Accrued Expenditures Prior to 7/1/2011			
	HOPWA Funds	Other City Funds	Other Non City Funds	Total Funds	HOPWA Funds	Other City Funds	Other Non City Funds	Total Funds
Direct Personnel	\$ 156,332	\$ -	\$ -	\$ 156,332	\$ -	\$ -	\$ -	\$ -
Direct Fringe Benefits	42,209	-	-	42,209	-	-	-	-
Admin Personnel	55,022	-	-	55,022	-	-	-	-
Admin Fringe	14,856	-	-	14,856	-	-	-	-
Direct Travel	2,941	-	-	2,941	-	-	-	-
Direct Occupancy	25,754	-	-	25,754	-	-	-	-
Admin Occupancy	6,242	-	-	6,242	-	-	-	-
Direct Consumable Supplies	5,458	-	-	5,458	-	-	-	-
Admin Consumable Supplies	1,424	-	-	1,424	-	-	-	-
Direct Insurance	3,631	-	-	3,631	-	-	-	-
Admin Insurance	937	-	-	937	-	-	-	-
Direct Monthly Rents	865,218	-	-	865,218	-	-	-	-
Direct Security Deposits	32,061	-	-	32,061	-	-	-	-
Direct Equipment Lease/Maintenance	7,916	-	-	7,916	-	-	-	-
Admin Equipment Lease/Maintenance	1,519	-	-	1,519	-	-	-	-
Other Costs	-	-	-	-	-	-	-	-
Indirect	-	-	-	-	-	-	-	-
Operating Subtotal	1,221,520	-	-	1,221,520	-	-	-	-
Audit Costs	-	-	-	-	-	-	-	-
Contract Total	\$ 1,221,520	\$ -	\$ -	\$ 1,221,520	\$ -	\$ -	\$ -	\$ -

MAZZONI CENTER
SCHEDULE OF PROGRAM EXPENDITURES (CONTINUED)
CONTRACT NUMBER 12-20091
YEAR ENDED JUNE 30, 2012

			Accrued Expenditures Cumulative to June 30, 2012			
Other City Funds	Other Non City Funds	Total Funds	HOPWA Funds	Other City Funds	Other Non City Funds	Total Funds
\$ -	\$ -	\$ -	\$ 156,332	\$ -	\$ -	\$ 156,332
-	-	-	42,209	-	-	42,209
-	-	-	55,022	-	-	55,022
-	-	-	14,856	-	-	14,856
-	-	-	2,941	-	-	2,941
-	-	-	25,754	-	-	25,754
-	-	-	6,242	-	-	6,242
-	-	-	5,458	-	-	5,458
-	-	-	1,424	-	-	1,424
-	-	-	3,631	-	-	3,631
-	-	-	937	-	-	937
-	-	-	813,124	-	-	813,124
-	-	-	32,061	-	-	32,061
-	-	-	7,916	-	-	7,916
-	-	-	1,519	-	-	1,519
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,169,426	-	-	1,169,426
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,169,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,169,426</u>

**MAZZONI CENTER
SCHEDULE OF PROGRAM REVENUE
CONTRACT NUMBER 12-20091
YEAR ENDED JUNE 30, 2012**

	<u>Sale Proceeds</u>	<u>Other (Specify)</u>	<u>Total</u>
Program Income (Cumulative to June 30, 2012)	\$ -	\$ -	\$ -
Less: Program Income Expended in Prior Years	<u>-</u>	<u>-</u>	<u>-</u>
Beginning Balance July 1, 2011	-	-	-
Add: Program Income Received in Current Fiscal Year	-	-	-
Less: Program Income Expended in Current Fiscal Year	<u>-</u>	<u>-</u>	<u>-</u>
Ending Balance as of June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**MAZZONI CENTER
RECONCILIATION SCHEDULE
CONTRACT NUMBER 12-20091
YEAR ENDED JUNE 30, 2012**

	HOPWA Amount Per Books and Records	Amounts Per Invoices as of June 30, 2012	Differences
Contract Amount	\$ 1,221,520	\$ 1,221,520	\$ -
Program Cost:			
Current Year	1,169,426	1,169,426	-
Cumulative	1,169,426	1,169,426	-
Funds Drawn Down:			
Current Year	987,278	987,278	-
Cumulative	-	-	-
Balance Due to Agency (Mazzoni Center)	182,148	182,148	-

Notes:

The Balance Due to Agency (Mazzoni Center) consists of both May and June 2012 outstanding invoices, which were received by Mazzoni in July and August 2012.



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
Mazzoni Center
Philadelphia, Pennsylvania

We have audited the financial statements of the Mazzoni Center as of and for the year ending June 30, 2012 and have issued our report thereon dated October 19, 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

Management of Mazzoni Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Mazzoni Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mazzoni Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 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 Mazzoni Center'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*.

Board of Directors
Mazzoni Center

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 19, 2012



INDEPENDENT AUDITORS' 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

Board of Directors
Mazzoni Center
Philadelphia, Pennsylvania

Compliance

We have audited Mazzoni Center's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Mazzoni Center's major federal programs for the year ended June 30, 2012. Mazzoni Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Mazzoni Center's management. Our responsibility is to express an opinion on the Mazzoni Center's compliance based on our audit.

We conducted our audit on compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the 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 occurred. An audit includes examining, on a test basis, evidence about the Mazzoni Center'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 the Mazzoni Center's compliance with those requirements.

In our opinion, the Mazzoni Center complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

The management of the Mazzoni Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Mazzoni Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we not express an opinion on the effectiveness of Mazzoni Center's internal control over compliance.

Board of Directors
Mazzoni Center

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 19, 2012

**MAZZONI CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

A. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unqualified opinion on the financial statements of the Mazzone Center.
2. No significant deficiencies and no material weaknesses were disclosed during the audit of the financial statements and reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Mazzone Center, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies and no material weaknesses in internal control over the major federal award programs were disclosed during the audit and reported in the Independent Auditors' 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.
5. The independent auditors' report on compliance for the major federal award program for the Mazzone Center expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The following programs were tested as major programs:

<u>Major Programs</u>	<u>Federal CFDA#</u>
Pass-through Center for Disease Control HIV Prevention Activities: Non-Governmental Organization Based	93.939
Pass-through AIDS Activities Coordinating Office HIV Emergency Relief Project Grants	93.917
Pass-through AIDS Activities Coordinating Office HIV Prevention Activities - Health Department Based	93.940

8. The threshold for distinguishing type A and B programs was \$300,000.
9. The Mazzone Center qualified as a low-risk auditee.

**MAZZONI CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

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

None.

D. STATUS OF PRIOR YEAR FINDINGS:

There were no questioned costs or findings in the prior year.