

**AID ATLANTA, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2019**

# AID ATLANTA, INC.

## FINANCIAL REPORT DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors  
AID Atlanta, Inc.  
Atlanta, Georgia**

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

We have audited the accompanying financial statements of **AID Atlanta, Inc. (a nonprofit organization)** (the "Organization"), which comprise the statement of financial position as of December 31, 2019, 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AID Atlanta, Inc. as of December 31, 2019, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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***Prior Period Financial Statements***

The financial statements of AID Atlanta, Inc. as of December 31, 2018 were audited by other auditors whose report dated March 11, 2019 expressed an unmodified opinion on those statements.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2020 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, 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 19, 2020

# AID ATLANTA, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 387,683	\$ 281,047
Grants receivable	1,122,510	851,255
Pledges receivable	15,957	74,555
Prepaid expenses	107,921	58,008
Other assets	15,413	15,000
Total current assets	1,649,484	1,279,865
<b>PROPERTY AND EQUIPMENT, NET</b>	181,411	357,886
<b>Total assets</b>	\$ 1,830,895	\$ 1,637,751
<b><u>LIABILITIES AND NET ASSETS (DEFICIT)</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 552,165	\$ 675,936
Accrued compensated absences	144,159	122,184
Deferred rent, current portion	16,346	26,431
Total current liabilities	712,670	824,551
<b>LONG-TERM LIABILITIES</b>		
Payable to AIDS Healthcare Foundation	2,812,815	2,426,638
Deferred rent, net of current portion	-	16,346
Total long-term liabilities	2,812,815	2,442,984
<b>Total liabilities</b>	3,525,485	3,267,535
<b>NET ASSETS (DEFICIT)</b>		
Without donor restrictions	(1,753,609)	(1,656,059)
With donor restrictions	59,019	26,275
Total net (deficit)	(1,694,590)	(1,629,784)
<b>Total liabilities and net (deficit)</b>	\$ 1,830,895	\$ 1,637,751

**See Notes to Financial Statements.**

# AID ATLANTA, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Public support			
Foundation grants	\$ -	\$ 86,100	\$ 86,100
Funding from AHF	2,516,761	-	2,516,761
Governmental grants	6,605,069	37,613	6,642,682
Insurance reimbursements	101,764	-	101,764
Contributions and memorials	215,609	4,075	219,684
AIDS Walk, including in-kind donations	1,424,849	-	1,424,849
Total public support	10,864,052	127,788	10,991,840
Other revenue	188,954	-	188,954
Net assets released from restrictions	95,044	(95,044)	-
	11,148,050	32,744	11,180,794
<b>EXPENSES</b>			
Program services			
Client services	4,302,902	-	4,302,902
Education	1,411,372	-	1,411,372
Health center	3,291,753	-	3,291,753
AIDS Walk	1,155,384	-	1,155,384
Total program services	10,161,411	-	10,161,411
Supporting services			
Development	179,120	-	179,120
Management and general	905,069	-	905,069
Total supporting services	1,084,189	-	1,084,189
Total expenses	11,245,600	-	11,245,600
Change in net assets (deficit)	(97,550)	32,744	(64,806)
Net assets (deficit), beginning of year	(1,656,059)	26,275	(1,629,784)
Net assets (deficit), end of year	\$ (1,753,609)	\$ 59,019	\$ (1,694,590)

**See Notes to Financial Statements.**

# AID ATLANTA, INC.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Public support			
Foundation grants	\$ 115,328	\$ 58,096	\$ 173,424
Funding from AHF	2,813,754	-	2,813,754
Governmental grants	6,609,588	-	6,609,588
Insurance reimbursements	45,128	-	45,128
Contributions and memorials	211,310	-	211,310
AIDS Walk, including in-kind donations	1,011,274	-	1,011,274
Total public support	10,806,382	58,096	10,864,478
Other revenue	133,532	-	133,532
Net assets released from restrictions	66,268	(66,268)	-
	11,006,182	(8,172)	10,998,010
<b>EXPENSES</b>			
Program services			
Client services	3,940,153	-	3,940,153
Education	1,442,302	-	1,442,302
Health center	3,728,506	-	3,728,506
AIDS Walk	881,301	-	881,301
Total program services	9,992,262	-	9,992,262
Supporting services			
Development	216,476	-	216,476
Management and general	974,111	-	974,111
Total supporting services	1,190,587	-	1,190,587
Total expenses	11,182,849	-	11,182,849
Change in net assets (deficit)	(176,667)	(8,172)	(184,839)
Net assets (deficit), beginning of year	(1,479,392)	34,447	(1,444,945)
Net assets (deficit), end of year	\$ (1,656,059)	\$ 26,275	\$ (1,629,784)

**See Notes to Financial Statements.**

**AID ATLANTA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services				Supporting Services				Totals
	Client Services	Education	Health Center	AIDS Walk	Total Program Services	Development	Management and General	Total Supporting Services	
Salaries	\$ 1,839,983	\$ 562,503	\$ 1,031,806	\$ 145,180	\$ 3,579,472	\$ 94,268	\$ 469,879	\$ 564,147	\$ 4,143,619
Employee benefits	542,035	125,896	242,927	33,145	944,003	23,547	131,082	154,629	1,098,632
Advertising	5,978	10,394	-	15,567	31,939	3,502	-	3,502	35,441
Contract services	87,162	356,430	228,768	51,659	724,019	12,353	-	12,353	736,372
Direct expenses	1,166	18,190	1,401,121	-	1,420,477	-	-	-	1,420,477
Due and subscriptions	-	-	-	480	480	688	1,495	2,183	2,663
Emergency assistance	1,516,498	367	58,583	-	1,575,448	-	-	-	1,575,448
Equipment rental and maintenance	16,210	9,367	14,353	31,069	70,999	11,911	49,386	61,297	132,296
Interest and bank charges	-	120	1,737	12,481	14,338	3,741	23,051	26,792	41,130
Meetings and conference	485	2,600	2,527	3,013	8,625	5,167	1,984	7,151	15,776
Miscellaneous	-	-	-	-	-	-	14,772	14,772	14,772
Occupancy	90,314	58,702	169,334	23,630	341,980	3,361	98,080	101,441	443,421
Postage and shipping	3,732	364	2,181	2,108	8,385	76	1,452	1,528	9,913
Printing and newsletter	1,857	316	47	6,265	8,485	2,801	233	3,034	11,519
Production costs, AIDS walk	-	-	-	182,986	182,986	-	-	-	182,986
Professional fees	15,060	-	17,648	-	32,708	-	37,070	37,070	69,778
Special events	22,417	26,017	-	630,999	679,433	8,727	8,692	17,419	696,852
Staff development and workshops	315	122	1,328	731	2,496	50	7,726	7,776	10,272
Supplies	17,008	191,613	40,982	2,025	251,628	561	14,112	14,673	266,301
Telephone	33,942	16,653	15,948	6,872	73,415	2,166	9,216	11,382	84,797
Travel	11,014	4,535	4,743	1,129	21,421	266	5,632	5,898	27,319
Total expenses before depreciation	<u>4,205,176</u>	<u>1,384,189</u>	<u>3,234,033</u>	<u>1,149,339</u>	<u>9,972,737</u>	<u>173,185</u>	<u>873,862</u>	<u>1,047,047</u>	<u>11,019,784</u>
Depreciation	97,726	27,183	57,720	6,045	188,674	5,935	31,207	37,142	225,816
Total expenses	<u>\$ 4,302,902</u>	<u>\$ 1,411,372</u>	<u>\$ 3,291,753</u>	<u>\$ 1,155,384</u>	<u>\$ 10,161,411</u>	<u>\$ 179,120</u>	<u>\$ 905,069</u>	<u>\$ 1,084,189</u>	<u>\$ 11,245,600</u>

See Notes to Financial Statements.



**AID ATLANTA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services				Supporting Services				Totals
	Client Services	Education	Health Center	AIDS Walk	Total Program Services	Development	Management and General	Total Supporting Services	
Salaries	\$ 1,702,108	\$ 604,028	\$ 1,089,599	\$ 148,103	\$ 3,543,838	\$ 83,818	\$ 459,884	\$ 543,702	\$ 4,087,540
Employee benefits	509,135	126,211	250,938	20,186	906,470	31,648	117,312	148,960	1,055,430
Advertising	-	23,998	-	25,216	49,214	430	-	430	49,644
Contract services	86,238	353,202	124,847	-	564,287	3,197	67,607	70,804	635,091
Contributed goods and services	-	-	-	-	-	-	1,647	1,647	1,647
Direct expenses	-	23,030	1,754,146	371	1,777,547	-	7,871	7,871	1,785,418
Due and subscriptions	-	-	1,500	1,178	2,678	1,378	139	1,517	4,195
Emergency assistance	1,377,515	-	41,700	-	1,419,215	-	-	-	1,419,215
Equipment rental and maintenance	8,486	1,618	19,416	28,369	57,889	24,709	41,126	65,835	123,724
Interest and bank charges	-	-	1,761	10,178	11,939	1,178	13,391	14,569	26,508
Meetings and conference	-	1,127	967	-	2,094	3,793	64	3,857	5,951
Miscellaneous	-	2,450	-	-	2,450	122	88,556	88,678	91,128
Occupancy	74,909	36,567	239,778	19,415	370,669	2,105	59,286	61,391	432,060
Postage and shipping	1,507	2,328	2,011	2,424	8,270	91	2,320	2,411	10,681
Printing and newsletter	1,031	6,174	174	20,507	27,886	2,735	1,916	4,651	32,537
Production costs, AIDS walk	-	-	-	77,678	77,678	-	-	-	77,678
Professional fees	5,821	-	36,354	59,056	101,231	-	28,218	28,218	129,449
Special events	4,669	23,830	-	443,125	471,624	53,113	2,888	56,001	527,625
Staff development and workshops	10,555	-	2,639	1,404	14,598	-	4,621	4,621	19,219
Supplies	14,683	171,736	32,056	2,660	221,135	643	21,013	21,656	242,791
Telephone	32,606	17,103	17,471	10,383	77,563	2,322	13,384	15,706	93,269
Travel	7,566	13,410	4,104	573	25,653	129	1,406	1,535	27,188
Total expenses before depreciation	<u>3,836,829</u>	<u>1,406,812</u>	<u>3,619,461</u>	<u>870,826</u>	<u>9,733,928</u>	<u>211,411</u>	<u>932,649</u>	<u>1,144,060</u>	<u>10,877,988</u>
Depreciation	<u>103,324</u>	<u>35,490</u>	<u>109,045</u>	<u>10,475</u>	<u>258,334</u>	<u>5,065</u>	<u>41,462</u>	<u>46,527</u>	<u>304,861</u>
Total expenses	<u>\$ 3,940,153</u>	<u>\$ 1,442,302</u>	<u>\$ 3,728,506</u>	<u>\$ 881,301</u>	<u>\$ 9,992,262</u>	<u>\$ 216,476</u>	<u>\$ 974,111</u>	<u>\$ 1,190,587</u>	<u>\$ 11,182,849</u>

See Notes to Financial Statements.

# AID ATLANTA, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (64,806)	\$ (184,839)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	225,816	304,861
(Increase) decrease in:		
Grant receivable	(271,255)	144,144
Pledges receivable	58,598	(48,361)
Prepaid expenses	(49,913)	(30,536)
Other assets	(413)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(123,771)	149,236
Accrued compensated absences	21,975	20,683
Deferred rent	(26,431)	(14,150)
Net cash (used in) provided by operating activities	(230,200)	341,038
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(49,341)	(31,533)
Net cash (used in) investing activities	(49,341)	(31,533)
<b>FINANCING ACTIVITIES</b>		
Advances from (payments to) AHF, net	386,177	(421,338)
Net cash provided by (used in) financing activities	386,177	(421,338)
Increase (decrease) in cash and cash equivalents	106,636	(111,833)
Cash and cash equivalents, beginning of year	281,047	392,880
Cash and cash equivalents, end of year	\$ 387,683	\$ 281,047

See Notes to Financial Statements.

**AID ATLANTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities:**

AID Atlanta, Inc. (the "Organization") was incorporated as a non-profit corporation under the laws of the State of Georgia in 1982. The Organization was founded as a grass-roots response to the devastating and fatal impact HIV and AIDS was having on the Atlanta community. The Organization provides HIV prevention education, HIV testing and counseling, medical case management, supportive services, and primary medical care to those most in need of services.

During 2015, the Organization reorganized by amending its Articles of Incorporation to reduce the size of the Board from 22 to 3 members, who are selected solely by AIDS Healthcare Foundation ("AHF"). The Organization is a supporting organization of AHF and is consolidated within the financial statements of AHF.

The Organization's financial statements have been prepared on the accrual basis whereby revenues are recognized when earned and expenses are recorded when incurred. The significant accounting policies followed by the Organization are described below.

**Significant accounting policies:**

**Basis of Presentation:**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two categories of net assets:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor-imposed restrictions which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. Board designated net assets without donor restrictions but are designated by the Board to be spent for specific purposes. At December 31, 2019 and 2018, the Organization does not have any board designated net assets.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restriction has been fulfilled, or both.

**Revenue recognition and donor-imposed restrictions:**

In accordance with FASB's *Not-For-Profit* revenue recognition guidance, unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions and investment income are available for general use unless specifically restricted by donor.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Revenue recognition and donor-imposed restrictions: (Continued)

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increase those net asset classes. Conditional promises to give are not recognized until the barrier is overcome; that is, when the conditions on which they depend are substantially met. Contributions received are recorded as support without donor restriction or donor restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization has adopted policies that allow for contributions received and expended in the same accounting period to be recorded as without donor restrictions.

Capital and operational grant funding received from various grantors are presented in a manner consistent with *Not-For-Profit* GAAP, and the grantor's grant agreement as grant funds with and without donor restrictions.

##### Fair Value of Financial Instruments:

The carrying value of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short term of these financial instruments.

##### Property and Equipment:

Property and equipment are recorded at cost, or if donated, at approximate fair value at the date of donation. The Organization capitalizes property and equipment if its value is greater than \$500 and its useful life is more than one year. Leasehold improvements are amortized over the shorter of the lease term or the useful life of the asset. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 – 7 years
Leasehold improvements	5 – 7 years

##### Deferred Rent Obligations:

Rent expense for operating leases that contain scheduled rent increases, net of any landlord allowances, is recognized for financial reporting purposes on the straight-line method. Consequently, amounts that have been expensed for financial reporting purposes, but not yet paid, are reflected as deferred rent obligations in the accompanying statement of financial position.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant accounting policies: (Continued)

##### Donated Materials-Equipment and Services:

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions 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 contributions. 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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The Organization received in-kind donations associated with the AIDS Walk of \$137,410 and \$269,435 during the years ended December 31, 2019 and 2018, respectively.

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks to assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected in the financial statements for services donated by individual volunteer.

##### Functional Expense Allocation:

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. The Organization reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, employee benefits, contract services, telephone and depreciation expenses include certain expenses that are allocated on the basis of estimates of time and effort. Occupancy expenses are allocated among functional areas based on square footage and headcount.

##### Income Taxes:

The Organization qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. The Organization follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination.

Management evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provision on accounting for uncertainty in income taxes.

The Organization files Form 990 in the U.S. federal jurisdiction and the state of Georgia.

##### Management Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Significant accounting policies: (Continued)**

##### **Recent Accounting Pronouncements:**

FASB issued two Accounting Standards Updates that will affect the Organization's revenue recognition. The first, Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, ASU No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the scope and Accounting Guidance for Contributions Received and Contributions Made, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. The Organization will adopt both at the same time, because adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. For the year ending December 31, 2019, the Organization adopted ASU No. 2014-09 and ASU No. 2018-08 and has adjusted the presentation in these financial statements accordingly. The Organization recognizes contribution revenue and grant revenues in accordance with FASB ASC Topic 606 and Topic 958. The adoption of ASU No. 2014-09 and ASU No. 2018-08 did not have an impact on the timing of the revenue recognition for the Organization.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2020. The Organization is assessing the impact the new guidance will have on its financial statements.

### **NOTE 2. EMPLOYEE BENEFITS PLAN**

The Organization participates in a defined contribution plan administered by AHF. The plan is for the benefit of all full-time employees who qualify under the participation requirements. Participants may contribute up to 20% of pre-tax annual compensation as defined by the plan. The plan provides for matching contributions which are remitted monthly by the Organization to the plan. The Organization contributed \$106,405 and \$92,163 to the plan during the years ended December 31, 2019 and 2018, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Furniture and equipment	\$ 1,846,860	\$ 1,757,924
Leasehold improvements	375,596	375,596
Artwork	12,800	12,800
	2,235,256	2,146,320
Less accumulated depreciation	(2,053,845)	(1,828,029)
		318,291
Construction in progress	-	39,595
	\$ 181,411	\$ 357,886

Depreciation expense for the years ended December 31, 2019 and 2018 was \$225,817 and \$304,861, respectively.

### NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2019	2018
Education	\$ 10,435	\$ 853
Client Services	24,141	8,415
Development	-	7,607
Housing	24,443	9,400
	\$ 59,019	\$ 26,275

Net assets with donor restrictions are comprised of the following at December 31:

	2019	2018
Subject to expenditure for specified purpose:		
Cash and cash equivalents	\$ 59,019	\$ 26,275
	\$ 59,019	\$ 26,275

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2019 and 2018 by incurring expenses satisfying the restricted purposes specified by donors as follows:

	2019	2018
Education	\$ 28,032	\$ 15,813
Client Services	25,849	43,339
Development	12,607	3,643
Housing	28,556	3,473
	\$ 95,044	\$ 66,268

### NOTE 6. AIDS WALK

Annually, the Organization sponsors an AIDS Walk, which provides educational and AIDS awareness services to the greater Atlanta community. Revenues and expenses are as follows for years ended December 31:

	2019	2018
Revenues	\$ 1,424,849	\$ 1,011,274
Less: grants to other agencies	(181,466)	(77,678)
Less: other expenses	(973,916)	(803,623)
	\$ 269,467	\$ 129,973

### NOTE 7. COMMITMENTS AND CONTINGENCIES

Grants often require the fulfillment of certain conditions as set forth in the related instruments. Failure to fulfill the conditions could result in the return of funds to the granters. Although the return of the funds is a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the grants the Organization has agreed to comply with provisions thereof.

### NOTE 8. OPERATING LEASES

The Organization leases equipment and facilities for office space and parking under non-cancellable operating leases. Future minimum lease payments are as follows for years ending December 31:

2020	\$ 240,496
2021	72,597
2022	53,611
	\$ 366,704

Total rent expense for the years ended December 31, 2019 and 2018 was \$381,939 and \$385,434, respectively.

### NOTE 9. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts at financial institutions. At times, cash balances exceed federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. CONCENTRATIONS OF CREDIT RISK (Continued)

If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

The Organization depends heavily on contributions and grants for its revenue. During 2019 and 2018, the Organization received 59% and 60%, respectively, of its funding from government grants. Also during 2019 and 2018, the Organization received \$2,516,761 and \$2,813,754 (23% and 26% of its funding), respectively, from AHF. The ability of the Organization's contributors and granters as well as AHF to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions.

### NOTE 10. RELATED PARTY TRANSACTIONS

During 2019 and 2018, AHF provided support to the Organization totaling \$2,516,761 and \$2,813,754, respectively, included in net assets without donor restrictions on the accompanying statement of activities and changes in net assets. During 2019 and 2018, AHF also provided financing to the Organization with an interest free payable which was used for funding operations. The payable had a balance at December 31, 2019 and 2018 of \$2,812,815 and \$2,426,638, respectively. These amounts are included in long-term liabilities on the accompanying statement of financial position as no prescribed repayment terms have been established and repayment during the year ending December 31, 2019 is not anticipated.

### NOTE 11. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position as of December 31, 2019 and 2018, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents (without donor restrictions)	\$ 328,664	\$ 254,772
Grants receivable	1,122,510	851,255
Pledges receivable	15,957	74,555
	<u>\$ 1,467,131</u>	<u>\$ 1,180,582</u>

As described in Note 1 and 10, the Organization receives support from AHF to help manage unanticipated liquidity needs. During the year, AHF advances the Organization any needed funds through an intercompany payable. This is determined based on the needs of the Organization.

### NOTE 12. SUBSEQUENT EVENTS

The Organization evaluated its December 31, 2019 financial statements for subsequent events through March 19, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen across worldwide. The related financial impact and duration cannot be reasonably estimated at this time.

## **SUPPLEMENTAL INFORMATION**

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# AID ATLANTA, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Program	CFDA Number	Grant ID Numbers	Federal Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Fulton County, Georgia			
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)	93.914	118-16SC10236B-2	\$ 485,574
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)	93.914	118-17106803B	2,238,911
			<u>2,724,485</u>
Passed-through Fulton County, Georgia			
Ryan White Part C Outpatient EIS Program	93.918	H76HA28471	364,490
Passed-through Fulton County, Georgia			
Comprehensive HIV Prevention Program for Fulton and DeKalb	93.940	16RFP09092016A-CJC	99,319
Passed-through the Georgia Department of Public Health			
Information Line	93.940	40500-044-12100303	159,999
			<u>259,318</u>
Passed through the Centers for Disease Control and Prevention			
HIV Prevention Activities - Non-Governmental Organization Based	93.939	1U65PS004726-01	361,315
HIV Prevention Activities - Non-Governmental Organization Based	93.939	5NU65PS004726-02-00	367,799
			<u>729,114</u>
Passed Through the Georgia Department of Public Health			
Ryan White Part B - Haven of Hope	93.917	40500-044-15151529	462,686
Passed through Emory University			
Drug Abuse and Addiction Research Program - Element	93.279	1RO1DA038196-01	2,496
<b>Total U.S. Department of Health and Human Services</b>			<b><u>\$ 4,542,589</u></b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed-through City of Atlanta, Georgia			
Housing Opportunities for Persons with AIDS Program	14.241	250131963/250132042	2,067,090
HOPWA DCA : Department of Community Affairs	14.241	2018 HOPWA 18C085	7,577
HOPWA DCA : Department of Community Affairs	14.241	2019 HOPWA 19C013	426
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>\$ 2,075,093</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 6,617,682</u></b>

See Notes to the Schedule of Expenditures of Federal Awards

**AID ATLANTA, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2019**

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**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of AID Atlanta, Inc. under programs for the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of AID Atlanta, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of AID Atlanta, Inc.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are no allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

**NOTE 3. INDIRECT COST RATE**

AID Atlanta, Inc. did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

**NOTE 4. CONTINGENCIES**

These Federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Organization's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.



**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***

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**To the Board of Directors  
Aid Atlanta, Inc.  
Atlanta, GA**

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 AID Atlanta, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2019, 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 March 19, 2020.

**Internal Control Over Financial Reporting**

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 opinion 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.

*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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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**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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 19, 2020



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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**To the Board of Directors  
AID Atlanta, Inc.  
Atlanta, GA**

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

We have audited AID Atlanta, Inc.'s (a nonprofit organization) (the "Organization"), compliance with the types of compliance requirements described in the *OMB 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, 2019. The Organization's major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination 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, 2019.

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### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 the Uniform Guidance, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 19, 2020



**AID ATLANTA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2019**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS:**

**Financial Statements:**

Type of auditors' report issued	<u>Unmodified</u>	
	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>X</u>
Noncompliance material to the financial statements noted?	_____	<u>X</u>

**Federal Awards:**

Internal controls over major programs:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>X</u>	_____
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>	
Audit findings required to be reported in accordance with 2 CFR Section 200.516(a)	<u>No</u>	

**Identification of major programs:**

HIV Emergency Relief Project Grants	<b>93.914</b>	
Dollar threshold used to distinguish between type A and type B programs	<b>\$ 750,000</b>	
	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?	<u>X</u>	_____
Financial statement findings?	_____	<u>X</u>
Findings and questioned costs for Federal awards?	<u>X</u>	_____

**AID ATLANTA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**SECTION II – FINANCIAL STATEMENT FINDINGS:**

None

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

2019-001

*Criteria:*

Participants in the HIV Emergency Relief project grant are required to provide eligibility documents before being approved to receive funds.

*Condition:*

During our testing of eligibility of patients served, we noted two (2) of seventy one patient files did not contain documentation of income verification.

*Cause:*

Provisional services are allowed to be provided initially without the documentation under Fulton County (pass through agency) guidelines. AID Atlanta has fifteen (15) days to collect documents from the patient. After multiple attempts to reach out, patients were not able to provide the required documentation.

*Effect:*

Due to lack of documentation, the Organization was unable to determine the eligibility of the two patients. In effect, the services were provided to patients who could have possibly been ineligible.

*Recommendations:*

We recommend that the Organization adheres to the policies and controls in place to verify the eligibility of patients prior to providing services and review of the documentation by an individual other than the individual collecting the documentation.

*Views of Responsible Officials:*

Management agrees with the recommendations and to adhere to current internal control processes that are in place to ensure the proper income verification documentation is completed and maintained.

**AID ATLANTA, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2018**

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**SECTION II – FINANCIAL STATEMENT FINDINGS:**

None

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

None