

MAZZONI CENTER
**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**
YEAR ENDED JUNE 30, 2019
**(WITH COMPARATIVE TOTALS FOR
THE YEAR ENDED JUNE 30, 2018)**



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**MAZZONI CENTER
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(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mazzoni Center
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mazzoni Center and Subsidiary (a nonprofit Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mazzoni Center as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Mazzoni Center

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the organization adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited Mazzoni Center's June 30, 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the consolidated audited financial statements from which it has been derived.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. 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, as required by the City of Philadelphia Subrecipient Audit Guide, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The schedule of expenditures of federal, state, and city awards is presented for purposes of additional analysis as required by the U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the City of Philadelphia Subrecipient Audit Guide, is also presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 November 14, 2019, on our consideration of Mazzoni Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Mazzoni Center's 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 Mazzoni Center's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
November 14, 2019

MAZZONI CENTER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,280,288	\$ 1,164,257
Accounts Receivable	2,882,457	2,668,855
Inventory	26,743	32,328
Promises to Give, Current Portion	6,844	9,717
Prepaid Expenses	520,141	392,525
Donated Art	15,700	15,700
Total Current Assets	4,732,173	4,283,382
PROPERTY AND EQUIPMENT	14,844,855	15,232,516
ASSET UNDER INTEREST RATE SWAP AGREEMENT	-	102,101
OTHER ASSETS		
Investments	2,607,048	2,202,547
Intangible Asset, Net of Accumulated Amortization of \$71,531 and \$51,094, Respectively	52,951	51,094
Promises to Give, Less Current Portion	-	10,581
Security Deposit	2,870	22,283
Total Other Assets	2,662,869	2,286,505
Total Assets	\$ 22,239,897	\$ 21,904,504
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion - Long-Term Debt	\$ 285,059	\$ 275,882
Accounts Payable	622,876	561,778
Accrued Payroll	185,359	176,665
Accrued Expenses and Other	569,694	747,222
Total Current Liabilities	1,662,988	1,761,547
LONG-TERM LIABILITIES		
Long-Term Debt, Net	10,027,764	10,307,691
Total Long-Term Liabilities	10,027,764	10,307,691
LIABILITY UNDER INTEREST RATE SWAP AGREEMENT	363,532	-
Total Liabilities	12,054,284	12,069,238
NET ASSETS		
Without Donor Restrictions	10,122,936	9,715,228
With Donor Restrictions	62,677	120,038
Total Net Assets	10,185,613	9,835,266
Total Liabilities and Net Assets	\$ 22,239,897	\$ 21,904,504

See accompanying Notes to Consolidated Financial Statements.

MAZZONI CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS JUNE 30, 2018)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND OTHER SUPPORT				
Government Contracts	\$ 5,947,463	\$ -	\$ 5,947,463	\$ 5,926,579
Grants	116,442	115,000	231,442	474,531
General Donations	311,552	3,360	314,912	318,728
Third-Party Billing	10,728,368	-	10,728,368	9,672,858
Other Support	266,719	-	266,719	265,416
Special Events	40,241	-	40,241	201,393
In-Kind Contributions	81,973	-	81,973	97,136
Rental Income	80,199	-	80,199	73,061
Investment Income	148,041	-	148,041	111,313
Total	<u>17,720,998</u>	<u>118,360</u>	<u>17,839,358</u>	<u>17,141,015</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
	175,721	(175,721)	-	-
Total Revenue and Other Support	<u>17,896,719</u>	<u>(57,361)</u>	<u>17,839,358</u>	<u>17,141,015</u>
EXPENSES				
Program Services	11,520,469	-	11,520,469	11,297,036
Support Services	5,499,852	-	5,499,852	5,390,344
Total Expenses	<u>17,020,321</u>	<u>-</u>	<u>17,020,321</u>	<u>16,687,380</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME	876,398	(57,361)	819,037	453,635
OTHER INCOME (EXPENSE)				
Change in Value of Interest Rate Swap Agreement	(468,690)	-	(468,690)	102,101
CHANGE IN NET ASSETS	407,708	(57,361)	350,347	555,736
Net Assets - Beginning of Year	<u>9,715,228</u>	<u>120,038</u>	<u>9,835,266</u>	<u>9,279,530</u>
NET ASSETS - END OF YEAR	<u>\$ 10,122,936</u>	<u>\$ 62,677</u>	<u>\$ 10,185,613</u>	<u>\$ 9,835,266</u>

See accompanying Notes to Consolidated Financial Statements.

MAZZONI CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS JUNE 30, 2018)

	2019				
	Program Services				
	Medical Care Services	Social Care Services	Prevention, Education and Legal Services	Behavioral Health Services	Total Program Services
Salaries and Related Expenses:					
Salaries	\$ 2,205,638	\$ 1,520,839	\$ 1,299,622	\$ 1,087,113	\$ 6,113,212
FICA Taxes	155,627	113,716	97,663	79,147	446,153
PAUC Taxes	21,088	21,535	17,274	12,281	72,178
Worker's Compensation	9,091	9,420	8,080	5,311	31,902
Benefits	450,472	367,079	286,538	261,897	1,365,986
Total Salaries and Related Expenses	2,841,916	2,032,589	1,709,177	1,445,749	8,029,431
Advertising and Subscriptions	3,073	-	-	40	3,113
Amortization Expense	-	-	-	-	-
Bad Debt	-	-	-	-	-
Bank Charges	6,494	-	-	-	6,494
Building Repairs and Maintenance	747	560	2,137	423	3,867
Building Security	300	-	9,857	-	10,157
Cleaning	-	-	1,050	-	1,050
Credit Card Fees	2,052	-	-	-	2,052
Equipment Repairs and Maintenance	8,251	8,546	9,972	4,840	31,609
Human Resources	-	-	-	-	-
Insurance	88,825	16,444	19,358	19,345	143,972
Interest Expense	-	-	-	-	-
Investment Fees	-	-	-	-	-
Loan Fees	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-
Meetings, Conferences, and Development	27,571	3,708	5,260	3,985	40,524
Non-Cap Furniture and Equipment	14,647	1,307	11,116	-	27,070
Occupancy	8,674	7,166	6,034	3,771	25,645
Office Expenses	8,249	8,615	8,341	4,766	29,971
Payroll Services	1,137	853	805	568	3,363
Postage	1,981	2,090	1,709	1,148	6,928
Printing and Publications	464	5,337	3,531	452	9,784
Professional Fees	-	-	-	5,000	5,000
Program Expenses	741,514	1,168,482	631,643	98,773	2,640,412
Real Estate Taxes	-	-	-	-	-
Sponsorships	-	-	-	700	700
Subcontractors	137,114	-	107,448	26,308	270,870
Telephone	22,614	21,336	21,634	13,238	78,822
Travel	8,874	15,775	97,507	1,130	123,286
Utilities	878	-	6,343	-	7,221
Program and Support Expenses					
Before Depreciation	3,925,375	3,292,808	2,652,922	1,630,236	11,501,341
Depreciation	5,442	5,648	4,843	3,195	19,128
Total Functional Expenses	<u>\$ 3,930,817</u>	<u>\$ 3,298,456</u>	<u>\$ 2,657,765</u>	<u>\$ 1,633,431</u>	<u>\$ 11,520,469</u>

See accompanying Notes to Consolidated Financial Statements.

MAZZONI CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS JUNE 30, 2018)

	2019			2018	
	Support Services				
	Management and General Expenses	Fundraising	Total Support Services	Total Expenses	Total Expenses
Salaries and Related Expenses:					
Salaries	\$ 2,164,067	\$ 229,553	\$ 2,393,620	\$ 8,506,832	\$ 7,889,465
FICA Taxes	157,990	16,918	174,908	621,061	579,661
PAUC Taxes	37,745	2,233	39,978	112,156	98,334
Worker's Compensation	12,089	919	13,008	44,910	32,511
Benefits	169,994	38,613	208,607	1,574,593	1,605,467
Total Salaries and Related Expenses	2,541,885	288,236	2,830,121	10,859,552	10,205,438
Advertising and Subscriptions	4,994	250	5,244	8,357	150
Amortization Expense	24,739	-	24,739	24,739	20,438
Bad Debt	4,584	-	4,584	4,584	49,995
Bank Charges	17,183	5,840	23,023	29,517	20,821
Building Repairs and Maintenance	47,103	124	47,227	51,094	68,969
Building Security	199,113	-	199,113	209,270	94,878
Cleaning	29,279	-	29,279	30,329	47,070
Credit Card Fees	923	3,467	4,390	6,442	25,743
Equipment Repairs and Maintenance	14,947	846	15,793	47,402	52,333
Human Resources	44,098	-	44,098	44,098	51,960
Insurance	64,738	1,857	66,595	210,567	275,005
Interest Expense	385,346	-	385,346	385,346	417,010
Investment Fees	8,562	-	8,562	8,562	7,873
Loan Fees	-	-	-	-	126,973
Loss on Disposal of Assets	-	-	-	-	4,446
Meetings, Conferences, and Development	10,944	-	10,944	51,468	77,702
Non-Cap Furniture and Equipment	57,171	713	57,884	84,954	104,318
Occupancy	11,314	754	12,068	37,713	68,249
Office Expenses	8,743	827	9,570	39,541	46,682
Payroll Services	30,358	189	30,547	33,910	29,090
Postage	2,302	198	2,500	9,428	16,095
Printing and Publications	23,209	5,150	28,359	38,143	56,684
Professional Fees	558,418	-	558,418	563,418	703,148
Program Expenses	305,676	32,335	338,011	2,978,423	2,997,867
Real Estate Taxes	97,955	-	97,955	97,955	52,892
Sponsorships	10,000	9,025	19,025	19,725	9,012
Subcontractors	49,702	20,000	69,702	340,572	224,936
Telephone	20,328	2,030	22,358	101,180	112,099
Travel	13,528	486	14,014	137,300	134,075
Utilities	77,488	-	77,488	84,709	77,061
Program and Support Expenses					
Before Depreciation	4,664,630	372,327	5,036,957	16,538,298	16,179,012
Depreciation	462,341	554	462,895	482,023	508,368
Total Functional Expenses	\$ 5,126,971	\$ 372,881	\$ 5,499,852	\$ 17,020,321	\$ 16,687,380

See accompanying Notes to Consolidated Financial Statements.

MAZZONI CENTER
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 350,347	\$ 555,736
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	482,023	508,369
Amortization Expense	24,739	20,438
Realized (Gain) Loss on Sale of Investments	(14,158)	17,066
Unrealized Gain on Investments	(22,141)	(25,311)
Loss on Disposal of Equipment	-	4,446
(Gain) Loss of Value of Interest Rate Swap Agreement	465,633	(102,101)
(Increase) Decrease in Assets:		
Accounts Receivable	(213,602)	1,042,227
Grants Receivable	-	20,000
Prepaid Expenses	(127,616)	27,858
Inventory	5,585	3,597
Other Receivable	-	12,500
Promises to Give	13,454	51,511
Security Deposit	19,413	-
Increase (Decrease) in Liabilities:		
Accounts Payable	61,098	(436,991)
Accrued Expenses	(168,834)	(29,644)
Deferred Rent	-	(1,749)
Net Cash Provided by Operating Activities	875,941	1,667,952
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(94,362)	(892,181)
Purchases of Intangible Assets	(22,294)	-
Proceeds from Sales of Investments	809,750	1,304,576
Purchases of Investments	(1,177,952)	(1,146,295)
Net Cash Used by Investing Activities	(484,858)	(733,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt, Net of Acquisition Fees	(275,052)	(843,654)
Net Cash Used by Financing Activities	(275,052)	(843,654)
NET INCREASE IN CASH AND CASH EQUIVALENTS	116,031	90,398
Cash and Cash Equivalents - Beginning of Year	1,164,257	1,073,859
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,280,288	\$ 1,164,257
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 385,346	\$ 417,010

See accompanying Notes to Consolidated Financial Statements.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

Mazzoni Center (the Organization) was established in 1979. The mission of the Organization 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 it serves.

1334-48 Bainbridge Street, LLC (the LLC) was established as a Pennsylvania Limited Liability Corporation on June 6, 2017 for the purpose of leasing and improving real property in connection with the operation of the programs of the Organization. The Organization is the sole member of the LLC. The LLC is a nonprofit corporation.

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

The Organization carries out its activities through the following programs funded through government contracts and third-party reimbursement:

Medical Care Services

The Organization operates the largest community-based Health Center in Philadelphia serving LGBTQ communities in the region. The center provides primary care, preventative care, gynecological services, family planning, HIV screening and care, STD screening and treatment, lab services, vaccine administration, dermatology procedures, and LGBT-specific health services.

Behavioral Health Services

The Organization provides outpatient mental health counseling and substance abuse treatment specifically serving LGBTQ communities in Philadelphia. Services include individual, couple, family, and group therapy. The continuum of behavioral health services also includes psychiatric evaluation and medication management as well as an Intensive Outpatient Program (IOP) for substance abuse. In fiscal year 2019, the organization conducted 10,114 behavioral health sessions for 652 unduplicated individuals. In addition, the Intensive Outpatient Program has conducted 1,212 IOP sessions with 94 individuals.

Social Services

The Organization provides Medical Case Management for people living with HIV/AIDS and at-risk LGBT youth and adults. Services include biopsychosocial assessment, coordination of medical care, and access to health insurance and other benefits. The program also provides housing subsidies and food bank services for people living with HIV/AIDS and their families.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Organization and Operations (Continued)

Prevention, Education, and Legal Services

The Organization provides community outreach (street, internet, social media, etc.) aimed at linking at-risk individuals to HIV testing, STD screening, and other services. The Organization operates the largest community-based HIV testing and STD screening program in Philadelphia testing an average of 7,000 people annually. The Organization provides education and professional development trainings on LGBTQ specific issues to medical, behavioral health, legal, and other services providers in Pennsylvania.

The Organization operates the largest private HIV testing and STD screening program in Philadelphia. In fiscal year 2019, the organization provided 7,329 HIV tests and 9,512 STD screenings in community-based settings. (data taken from EvaluationWeb database and provided by the PDPH, Division of STD Control).

The Organization produces the annual Philadelphia Trans Wellness Conference which is the largest transgender conference in the world. In fiscal year 2019, the organization planned 18th annual conference which was held July 25-27, 2019. The conference had an attendance of 7,500 attendees with representation from all U.S. states except two and every continent except Antarctica.

Principal of Consolidation

The consolidated financial statements of the Organization include the accounts of Mazzoni Center and 1334-48 Bainbridge Street, LLC. All significant inter-organizational transactions have been eliminated in these consolidated financial statements.

Consolidated Financial Statement Presentation

The consolidated 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 classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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 restricted has been fulfilled, or both. At June 30, 2019, net assets with donor restrictions amounted to \$62,677.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidated Financial Statement Presentation (Continued)

The Organization considers all government awards to be exchange transactions in which each party receives and sacrifices commensurate value. Accordingly, government awards do not affect net assets with donor restrictions, 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. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 net assets without donor restrictions 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 net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contracts, Grants, and Accounts Receivable

The contracts and grants under which the Organization conducts its programs contain provisions defining costs, which are allowable and reimbursable within the program. All program billings for the year ended June 30, 2019 are subject to audit by various governmental funding sources. The audit of these billings may result in adjustments for expense disallowances. It is the Organization'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 collectability. In addition, an allowance is provided for other accounts when a significant pattern of collectability has occurred. When all collection efforts have been exhausted, the accounts are written off. At June 30, 2019, the allowance for doubtful accounts amounted to \$218,952.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Organization. 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 multiple 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. In 2018, the Organization had entered into another agreement with Caremark, LLC for the dispensing of prescription of outpatient pharmaceutical products prescribed by an authorized medical provider affiliated with the Organization. As part of this arrangement a separate agreement with a third-party pharmaceutical manufacturer, Wellpartner, LLC was entered into to support Caremark, LLC. The terms and conditions of the Caremark, LLC were the same as Walgreen, Co. under the 340B drug pricing program. 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, 2019, revenues recognized for third-party billings totaled \$10,728,368 of which \$7,641,357 was related to this 340B drug-pricing program.

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. At June 30, 2019, a provision of \$2,053 was made.

Investments

Investments are stated fair market value. The investments in mutual funds are valued at the net asset value of shares held by the Organization at year-end.

Investments in mutual funds with readily determinable fair values are carried at quoted market value. The net changes in fair value and the realized gains and losses on investments sold are reflected in the statement of activities as net realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to level of risk associated with certain investments, it is reasonably possible that such changes in the values of investments will occur in the near-term and that changes could materially affect the amounts reported in the statement of financial position.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments

ASC 815, *Derivatives and Hedging*, provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Organization's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

The interest rate swap agreements are used by the Organization to mitigate their exposure to interest rate fluctuations associated with their variable rate debt. The Organization does not use the agreement for speculative or trading purposes. These interest rate swaps are reported at their fair value and included in the consolidated statement of financial position.

Inventory

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

Financing Fees

Financing fees represent costs incurred in connection with the financing of the Organization's debt and are amortized over the term of the related debt. Amortization of these costs will be included as part of interest expense.

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. The Organization will capitalize any assets purchased with costs greater than \$2,500 as described in the Organization's capitalization policy.

On June 28, 2017, the Organization, through the LLC, settled on the purchase of a building at 1334-48 Bainbridge Street, in Philadelphia, Pennsylvania amounting to \$11,470,837. As part of this transaction the Organization had invested \$3,540,915 into the LLC, of which \$2,167,500 was included as part of the building costs. The remaining \$1,373,415 had been used for improvements to the building and the purchase of furniture and equipment.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

In May 3, 2018, the Organization had received payment from the Redevelopment Capital Assistance Program in the amount of \$1,451,250, which \$725,625 was applied to the payment of the \$750,000 Term Loan and the remaining \$725,625 in development costs were added to the cost of the building.

In 2019, the Organization had contributed an additional \$87,500 to be used for additional improvements to the building and payment of other expenditures of the LLC. For the year ended June 30, 2018, the Organization had invested a total of \$5,289,165 into the LLC. This investment has been eliminated in consolidation for the year ended June 30, 2019.

Long-lived assets, such as property and equipment are reviewed periodically for impairment based on comparison of carrying value against undiscounted future cash flows. If impairment is identified, the assets' carrying amounts are adjustment to fair value. There were no such adjustments during the year ended June 30, 2019.

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 value at the date of donation.

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

Building	39 Years
Building Improvements	39 Years
Computer Equipment	3 to 5 Years
Furniture and Fixtures	7 Years
Leasehold Improvements	5 to 10 Years

Intangible Assets

Intangible assets, representing website development costs, have been recorded at cost and capitalized. Capitalized costs are amortized over the period benefited. Amortization expense for the year ended June 30, 2019 amounted to \$24,739.

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.

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. See note 18 for further detail regarding functionalized expenses.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization has categorized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

Financial assets recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. Government and agency securities).

Level 2 – Financial assets whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for identical or similar assets or liabilities in nonactive markets (examples include corporate and municipal bonds, which trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

Level 3 – Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset (examples include certain private equity investments, long-term promises to give and split-interest agreements).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Financial liabilities carried at fair value are classified in the table below in one of the categories described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Liabilities			
Interest Rate Swap	\$ -	\$ 363,532	\$ 363,532
Total Liabilities	<u>\$ -</u>	<u>\$ 363,532</u>	<u>\$ 363,532</u>

The Organization had no assets or liabilities that were classified as Level 3 inputs in the fair value hierarchy.

Income Taxes

The Organization is a nonprofit 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. Because the LLC is the sole member of the Organization, the LLC will be treated as disregarded entity for tax purposes and, therefore, their activities are combined with the Organization and reported as one.

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 consolidated 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 consolidated financial statements.

The Organization's income tax returns are subject to review and examination by federal and state authorities.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs are to promote the Organization's services.

Comparative Financial Information

The consolidated 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the comparative totals were derived.

**MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Principle

In the fiscal year ended June 30, 2019, Mazzoni Center adopted FASB ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The standard requires Mazzoni Center to reclassify its net assets (i.e., unrestricted, temporarily restricted, and permanently restricted) into two categories, net assets without donor restrictions and net assets with donor restrictions, among other requirements. With the exception of the disclosures on liquidity, these changes were applied retrospectively to ensure comparability with the prior year presented.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2019, the date the consolidated financial statements were available to be issued. See Note 20 for further detail regarding subsequent events.

NOTE 2 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30, 2019:

Government and Contracts Receivable	\$ 2,575,564
Third-Party Billing Receivable	525,845
Total Accounts Receivable	<u>3,101,409</u>
Less: Allowance for Doubtful Accounts	218,952
Net Accounts Receivable	<u><u>\$ 2,882,457</u></u>

NOTE 3 PROMISES TO GIVE

The Organization has promises to give from donors and foundations. For the year ended June 30, 2019, all promises to give have been classified as current and a provision of \$2,053 was made for amounts estimated to be uncollectable.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019:

Building	\$ 14,282,712
Building Improvements	952,098
Office Equipment and Furniture	987,556
Leasehold Improvements	62,708
Total	<u>16,285,074</u>
Less: Accumulated Depreciation	1,440,219
Total Property and Equipment	<u><u>\$ 14,844,855</u></u>

Depreciation expense for the year ended June 30, 2019 was \$482,023.

**MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 INVESTMENTS AND INVESTMENT INCOME

Investments are comprised of the following as of June 30, 2019:

Equities	\$ 636,136
Corporate Bonds	989,914
Mutual Funds, EFT's, and Closed-End Funds	980,998
Total	<u>\$ 2,607,048</u>

Investment income consists of the following for the year ended June 30, 2019:

Interest and Dividend Income	\$ 111,742
Realized and Unrealized Gains on Investments	36,299
Total	<u>\$ 148,041</u>

Investment income allocated to operations is reported as revenue without donor restriction.

NOTE 6 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets. For additional information on how the Center values all other assets refer to Note 1 – Summary of Significant Accounting Policies.

Assets measured at fair value on a recurring basis as of June 30, 2019 are:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equities	\$ 636,136	\$ 636,136	\$ -	\$ -
Mutual Funds, EFT's and Closed-End Funds	980,998	980,998	-	-
Corporate Bonds	989,914	989,914	-	-
Interest Rate Swap	-	-	-	-
Total	<u>\$ 2,607,048</u>	<u>\$ 2,607,048</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 CHARITY CARE

The mission of the Organization 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. The Organization provides services to patients and clients regardless of their ability to pay for those services.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 CHARITY CARE (CONTINUED)

The Organization 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 the Organization does not pursue collection of amounts determined to qualify for financial assistance, they are not reported as revenue.

The Organization 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, the Organization has estimated the costs foregone for services and supplies furnished under The Organization’s financial assistance policy aggregated approximately \$818,460 for the year ended June 30, 2019.

NOTE 8 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, 2019, the estimated fair value of these works of art was \$15,700, which will be auctioned off at future events.

NOTE 9 LINE OF CREDIT AND LONG-TERM DEBT

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 2.65% (5.16% at June 30, 2019). On April 16, 2019, the Organization had renewed its line of credit agreement under the same terms. The line expires March 31, 2020 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, 2019.

Long-Term Debt

On June 28, 2017, the Organization (the Borrower) had entered into three transactions as part of the settlement and purchase of the property located at 1334-48 Bainbridge Street in Philadelphia, Pennsylvania with Univest Bank and Trust Company. These agreements included; (a) an Acquisition Loan Mortgage in the amount of \$10,800,000, (b) a Term Loan Mortgage in the amount of \$750,000 and (c) a line of credit in the amount of \$1,000,000. These three agreements have been given unlimited and unconditional guaranty and suretyship pertaining to the payment, collection, and performance of the obligations of the Borrower by the LLC.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 LINE OF CREDIT AND LONG-TERM DEBT (CONTINUED)

Long-Term Debt (Continued)

On October 31, 2017, Organization refinanced its Acquisition Loan Note issued by Univest Bank and Trust Company in the amount of \$10,800,000, which was divided into an open-ended mortgage term loan and a tax-exempt note. The open-ended mortgage term note was entered by the Organization with the Philadelphia Authority for Industrial Development (the Authority) in the amount of \$800,000. On the same date, this open-ended mortgage term note was assigned to Univest Bank and Trust Company. Commencing December 1, 2017 through November 1, 2022, the Organization shall pay, in monthly installments of principal and interest amounting to \$4,093. Interest will be applied by the bank based on a Tax-Exempt rate of interest determined by the Authority. On December 1, 2022 through the maturity date of this note being November 1, 2027, interest will be applied to the remaining outstanding principal balance based on the Authority's applicable interest rate.

The second note was placed into a tax-exempt note with Lower Southampton Township Industrial Development Authority in the amount of \$10,000,000. On the same date, this authority loan term note was assigned to Univest Bank and Trust Company. This note is secured by the Organization's real estate assets. The Organization will be required to pay a monthly installment of \$50,940, beginning on December 1, 2017. Interest is calculated at a fixed rate 3.61%. This note will mature on July 1, 2027. As part of this note, the Organization has entered into an interest rate swap agreement through PNC bank in order to limit the effect of increases in the interest rate on its floating rate of debt. Interest as part of this swap has a fixed rate of 3.61% and with a starting floating rate of 2.71% at October 31, 2017.

On March 13, 2018, the line of credit in the amount of \$1,000,000 was closed. There was no outstanding balance on this line of credit through the close date.

On May 3, 2018, the Organization had paid the \$750,000 term loan mortgage, which was paid with the proceeds received from the Redevelopment Capital Assistance Program.

The outstanding balance on the Organization's remaining debt was \$10,368,741 as of June 30, 2019.

Long-Term debt as of June 30, 2019 consisted of the following:

Long-Term Debt	\$ 10,368,741
Less:	
Unamortized Financing Fees	55,918
Current Maturities	285,059
Total Long-Term Debt, Net	<u>\$ 10,027,764</u>

**MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 LINE OF CREDIT AND LONG-TERM DEBT (CONTINUED)

Long-Term Debt (Continued)

Future minimum annual principal payments on long-term debt as of June 30, 2019 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 285,059
2021	296,713
2022	307,766
2023	319,153
2024	330,214
Thereafter	8,829,505
Total	<u>\$ 10,368,410</u>

Interest expense incurred on the long-term debt was \$385,346 for the year ended June 30, 2019.

NOTE 10 DERIVATIVE FINANCIAL INSTRUMENTS

The Organization has entered into an interest rate swap agreement to limit the effect of increased in the interest rate on its floating rate debt. The carrying amount of this swap has been adjusted to its fair value at the end of the period, which because of changes in forecasted levels of LIBOR resulted in reporting a liability for the fair value of the future net payments forecasted under the swap. The liability is classified as long-term since management does not intend to settle it during the next fiscal year. An interest rate swap is a contractual agreement between parties for the exchange of interest payments on a notional principal amount and agreed upon fixed rates, for defined time periods, and does not involve the exchange of the underlying notional amount. The notional amount under these swap agreements decrease as principal payments are made on the note payable so that the notional amount equals the principal outstanding under these notes.

During 2019, the Organization has recorded a loss of \$468,690 to other income related to the change in the fair value of its cash flow hedges.

At June 30, 2019, the Organization had the following interest rate swap in effect:

Notional Amount	\$ 10,000,000
Fixed Rate	3.61%
Period	12/1/17-7/1/27
Fair Value	\$ (363,532)

**MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 OPERATING LEASES

The Organization is committed under a long-term operating leases for rental of office space and copier equipment through September 30, 2023. Rent expense incurred under these leases for the year ended June 30, 2019 was \$152,752.

The aggregate minimum rental commitment at June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 64,226
2021	65,201
2022	66,195
2023	51,702
2024	12,989
Thereafter	-
Total	<u>\$ 260,313</u>

On November 1, 2018, the Organization had entered into a commercial lease agreement for use of the property held and managed by the LLC. As part of this agreement the LLC will charge a base rent fee of \$80,000 per month, which will escalate by 4% each year for the length of the lease. This lease will expire on June 30, 2027. The total amount of rent expense incurred under this lease agreement for the year ended June 30, 2019 was \$985,600. This amount has been eliminated as part of the consolidation.

On August 1, 2017, the Organization through its LLC had entered into a sublease agreement with Walgreen Eastern CO., Inc. for the leasing of 1766 square feet of space on 1334 Bainbridge Street in Philadelphia, Pennsylvania. As part of this lease agreement Walgreens was responsible for the opening and managing of a pharmacy to provide easy access to medications to the clients of the Mazzone Center. Walgreens is required to pay monthly fixed rent in the amount of \$6,623 which will escalate by 1% per annum.

For the year ended June 30, 2019, the Organization through its LLC has earned in rental income of \$80,199.

The aggregate minimum rental lease payments at June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 81,000
2021	81,810
2022	82,629
2023	6,891
2024	-
Total	<u>\$ 252,330</u>

**MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 EMPLOYEE BENEFIT PLAN

The Organization maintains a 403(b) plan for its employees. The employees may voluntarily contribute up to the federal limits, commencing at the first day of employment. The Organization provides a safe harbor match that is a maximum of 4% of employee's compensation who contributes 5% or more to their 403(b) account. The Organization will make a contribution of 3% of total compensation once the employee has completed 1,000 hours of service within any one-year period. Once this requirement is met, the contribution will commence on the employee's anniversary hire date. Hire date will be initial start of employment date or new position start date. For the year ended June 30, 2019, the Organization's contributions to the plan were \$347,272.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2019:

Subject to the Passage of Time:

Independence Blue Cross Foundation	\$ 37,500
The M.A.C. AIDS Fund	13,333
Anonymous	6,844
The W.W. Smith Charitable Foundation	5,000
Total Net Assets with Donor Restrictions	<u>\$ 62,677</u>

NOTE 14 REDEVELOPMENT ASSISTANCE CAPITAL PROGRAM

On November 12, 2016, the Organization, through its LLC, entered into a grant agreement with the Philadelphia Authority for Industrial Development (PAID) to fund certain development costs of 2612 S. 13th Street Partners, L.P. and the payment of the Term Loan portion of Univest loan agreement (see Note 9), in the amounts on \$750,000 and \$750,000, respectively. This grant was funded through a Redevelopment Assistance Capital Program grant passed from the Commonwealth of Pennsylvania Department of Budget to PAID. Payment of this grant was based on the satisfaction of certain conditions relating to the construction and completion of the building located on 1334-48 Bainbridge Street. The conditions were satisfied for the year ended June 30, 2017. For the year ended June 30, 2017, the entire balance of \$1,500,000 had been recognized as grant revenue and with the corresponding balance being included in accounts receivable. On May 3, 2018, the Organization received payment of \$1,451,250 of the \$1,500,000 grant with the remaining balance of 37,500 was still due to Mazzoni Center after closeout- only 11,250 was an administrative fee charged on the grant. This payment was applied to the \$750,000 Term Loan and the remaining \$725,625 was included as development costs added to the cost of the building. For the year ended June 30, 2019, there are no amounts outstanding on the grant.

**MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 15 SIGNIFICANT CONCENTRATIONS AND RISKS

The Organization receives approximately 93% of its support and revenues and 100% of its accounts receivable from government agencies and third-party billing sources for the year ended June 30, 2019. The continuation of these revenues is dependent upon government agencies and third-party billing programs, which may be adversely affected by change in funding priorities. A reduction in both the level of government support and third-party could have an adverse effect on the Organization's programs and activities.

NOTE 16 IN-KIND CONTRIBUTIONS

Contributions of donated in-kind assets are recorded at their fair values in the period received. Donated services, volunteer services, equipment, and materials are recognized as contributions. Donated services and volunteer 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 consolidated financial statements as in-kind contributions are offset by like amounts included in expenses, except for amounts for donated equipment, which are capitalized.

In-kind contributions were used to benefit the Organization's programs and its fundraising events which occur throughout the year. The in-kind contributions have been recorded as revenue and are also included as expenses where applicable in the statement of activities.

The following is a summary of the in-kind contributions received by the Organization during the year ended June 30, 2019:

	Program	Fundraising	Total
Donated Materials	\$ -	\$ 81,973	\$ 81,973
Total	<u>\$ -</u>	<u>\$ 81,973</u>	<u>\$ 81,973</u>

NOTE 17 COMMITMENT AND CONTINGENCIES

Commitment

The Organization is committed to having the Philadelphia Trans Wellness Conference in fiscal year 2020. As of the date of this audit report the organization has not entered into a Standard License Agreement with the host location.

In December 2018, the Organization entered into an agreement with CVent to design and build a new website platform for the Trans Wellness Conference Event. This is a three-year commitment that has the additional onsite logistics support for the conference along with the website and reporting capabilities. This commitment is approximately \$255k over the life of the agreement which can change dependent on conference attendance.

MAZZONI CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 COMMITMENT AND CONTINGENCIES (CONTINUED)

Litigation

The Organization has certain claims and legal proceedings incident to the ordinary course of business. The Organization's management, after consulting with legal counsel, believes the ultimate resolution of the proceedings will not have a material adverse effect on the Organization's consolidated financial position or change in net assets.

NOTE 18 FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include depreciation and amortization, medical and behavioral health services, case management and care services that include housing and food bank services, prevention services that include outreach and HIV prevention work, education and legal services, communications and development department, administrative and operations departments. All functional expenses are allocated based on estimates of time and effort.

NOTE 19 LIQUIDITY

Mazzoni Center has approximately \$4,079,619 of financial assets available within one year of the balance sheet date consisting of cash, accounts receivable and promises to give less any assets with an attached donor restriction. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Promises to Give are subject to time or purpose restrictions, but will be collected within one year. Mazzoni Center has a goal to maintain financial assets, which consist of cash on hand to meet 30 days of normal operating expenses, which are, on average approximately \$1,418,000.

As part of its liquidity management, Mazzoni Center also has a line of credit that allows borrowings up to \$1,000,000 (see Note 9), which Mazzoni Center did not have an outstanding balance as of Jun 30, 2019.

NOTE 20 SUBSEQUENT EVENTS

Effective October 1, 2019, Mazzoni Center reached contractual agreement with Service Employees International Union (SEIU). This agreement covers a three-year period for most of the non-managerial employees at the organization. Some of the main articles of the contract include provisions for medical coverage, salary and increases over the life of the contract, education benefits, workload requirements and leave benefits.

MAZZONI CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND CITY AWARDS
YEAR ENDED JUNE 30, 2019

Program Title	Federal CFDA No.	Grant ID/ Contract No.	Grant Period	Total Funding Received/ Awarded During the Year	Accrued or Deferred Funding Beginning of the Year	Revenue Recognized	Expenditures	Accrued or Deferred Funding End of the Year	Payments to Subrecipients
Federal Awards:									
<u>U.S. Department of Housing and Urban Development</u>									
Pass-through City of Philadelphia Office of Housing and Community Development	14.241	19-20087	07/01/18-6/30/19	\$ 1,587,520	\$ -	\$ 1,416,647	\$ 1,416,647	\$ 170,873	\$ -
<u>U.S. Department of Justice</u>									
Pass Through Department of Justice - Office on Violence against Women	16.889	2017-UD-AX-0011	10/01/17-09/30/19	-	276,939	192,602	192,602	84,337	-
<u>U.S. Department of Health and Human Services</u>									
Pass Through Health Resources and Services Administration Public Health Service Act - Ambulatory Care for Women and Adolescents Grant	93.153	1H12HA24852-03	08/01/18-07/31/19	327,919	-	284,574	284,574	43,345	-
Pass Through Health Resources and Services Administration Public Health Service Act - Ambulatory Care for Women and Adolescents Grant	93.153	1H12HA24852-02	08/01/17-07/31/18	-	29,253	29,253	29,253	-	-
Total CFDA# 93.153				327,919	29,253	313,827	313,827	43,345	-
Pass-Through PA HHS and Access Matters Family Planning Title X	93.217	184501	07/01/17-08/31/18	-	4,338	4,338	4,338	-	-
Pass-Through PA HHS and Access Matters Family Planning Title X	93.217	194501	09/01/18-03/31/19	37,948	-	37,948	37,948	-	-
Total CFDA# 93.217				37,948	4,338	42,286	42,286	-	-
Pass-Through PA Department of Human Services and Access Matters Social Services Block Grant Title XX	93.667	194501	09/01/18-03/31/19	15,355	-	15,355	15,355	-	-
<u>Department of Public Health</u>									
Pass-through Department of Public Health Preventive Health Services - Sexually Transmitted Disease Control Grants - Syphilis	93.977	1620424-02	02/01/18-01/31/19	-	18,480	18,480	18,480	-	-
Pass-through Department of Public Health Preventive Health Services - Sexually Transmitted Disease Control Grants - Syphilis	93.977	1620424-03	02/01/19-01/31/20	31,680	-	13,200	13,200	18,480	-
Total CFDA# 93.977				31,680	18,480	31,680	31,680	18,480	-
<u>Center for Disease Control</u>									
Pass-through Center for Disease Control HIV Prevention Activities: Non-Governmental Organization Based	93.939	U65PS004809-04	07/01/18-6/30/19	347,599	-	347,599	347,599	-	-
<u>Department of Public Health</u>									
Pass-through AIDS Activities Coordinating Office HIV Emergency Relief Project Grants - Case Management	93.914	RS9960/1720690-02	03/01/18-02/29/20	732,810	-	227,685	227,685	505,125	-
Pass-through AIDS Activities Coordinating Office HIV Emergency Relief Project Grants - Case Management	93.914	RS8960/1720690-01	03/01/18-02/28/19	-	776,717	776,717	776,717	-	-
Pass-through AIDS Activities Coordinating Office HIV Emergency Relief Project Grants - Food Bank	93.914	RS9594/1720690-02	03/01/18-02/29/20	16,161	-	3,700	3,700	12,461	-
Pass-through AIDS Activities Coordinating Office HIV Emergency Relief Project Grants - Food Bank	93.914	RS8594/1720690-01	03/01/18-02/28/19	75,000	11,013	86,013	86,013	-	-
Pass-through AIDS Activities Coordinating Office HIV Emergency Relief Project Grants - Substance Abuse Services	93.914	RS9501/1720690-02	03/01/18-02/29/20	193,406	-	64,212	64,212	129,194	-
Pass-through AIDS Activities Coordinating Office HIV Emergency Relief Project Grants - Substance Abuse Services	93.914	RS8501/1720690-01	03/01/18-02/28/19	-	127,805	127,805	127,805	-	-

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, 2019

Program Title	Federal CFDA No.	Grant ID/ Contract No.	Grant Period	Total Funding Received/ Awarded During the Year	Accrued or Deferred Funding Beginning of the Year	Revenue Recognized	Expenditures	Accrued or Deferred Funding End of the Year	Payments to Subrecipients
Federal Awards (Continued):									
Pass-through AIDS Activities Coordinating Office									
HIV Emergency Relief Project Grants - Referrals to Healthcare	93.914	RS9880/1720690-02	03/01/18-02/29/20	\$ 7,100	\$ -	\$ 2,653	\$ 2,653	\$ 4,447	\$ -
Pass-through AIDS Activities Coordinating Office									
HIV Emergency Relief Project Grants - Referrals to Healthcare	93.914	RS8880/1720690-01	03/01/18-02/28/19	-	27,128	27,128	27,128	-	-
Pass-through AIDS Activities Coordinating Office									
HIV Emergency Relief Project Grants - Substance Abuse Services	93.914	RS9876/1720690-02	03/01/18-02/29/20	54,187	-	17,974	17,974	36,213	-
Pass-through AIDS Activities Coordinating Office									
HIV Emergency Relief Project Grants - Substance Abuse Services	93.914	RS8876/1720690-01	03/01/18-02/28/19	-	29,897	29,897	29,897	-	-
Pass-through AIDS Activities Coordinating Office									
HIV Emergency Relief Project Grants - Outpatient/Ambulatory Care	93.914	RS8942/1720690-01	03/01/18-02/28/19	69,997	-	69,997	69,997	-	-
Total CFDA# 93.914				<u>1,148,661</u>	<u>972,560</u>	<u>1,433,781</u>	<u>1,433,781</u>	<u>687,440</u>	<u>-</u>
Pass-through AIDS Activities Coordinating Office									
State Rebate - Food Bank	93.917	SR9033/1820114-01	07/01/18-6/30/19	53,092	-	53,092	53,092	-	-
Pass-through AIDS Activities Coordinating Office									
State Rebate - Ambulatory/Outpatient Care	93.917	SR9034/1820114-01	07/01/18-6/30/19	447,812	-	447,812	447,812	-	-
Pass-through AIDS Activities Coordinating Office									
State Rebate - Substance Abuse Services	93.917	SR9095/1820114-01	07/01/18-6/30/19	37,092	-	37,092	37,092	-	-
Pass-through AIDS Activities Coordinating Office									
State Rebate - Case Management	93.917	SR9118/1820114-01	07/01/18-6/30/19	221,719	-	221,719	221,719	-	-
Total CFDA# 93.917				<u>759,715</u>	<u>-</u>	<u>759,715</u>	<u>759,715</u>	<u>-</u>	<u>-</u>
Pass-through AIDS Activities Coordinating Office									
HIV Prevention Activities - Health Department Based - CTR	93.940	CP8020-1820470	01/01/18-12/31/18	-	25,082	25,082	25,082	-	-
Pass-through AIDS Activities Coordinating Office									
HIV Prevention Activities - Health Department Based - CTR	93.940	CP9020-1820470-01	01/01/19-12/31/19	187,930	-	66,211	66,211	121,719	-
Pass-through AIDS Activities Coordinating Office									
HIV Prevention Activities - Transgender Community Mobilization	93.940	CP8021-1820470	01/01/18-12/31/18	-	57,078	57,078	57,078	-	-
Pass-through AIDS Activities Coordinating Office									
HIV Prevention Activities - Transgender Community Mobilization	93.940	CP9021-1820470-01	01/01/19-12/31/19	75,000	-	38,910	38,910	36,090	-
Pass-through AIDS Activities Coordinating Office									
HIV Prevention Activities - Health Department Based - Data To Care	93.940	CD8021-1620442-02	01/01/18-09/29/18	-	28,308	28,308	28,308	-	-
Pass-through AIDS Activities Coordinating Office									
HIV Prevention Activities - Health Department Based - Data To Care	93.940	CD9021-1620442-03	10/01/18-09/29/19	100,000	-	81,976	81,976	18,024	-
Pass-through AIDS Activities Coordinating Office									
HIV Prevention Activities - Health Department Based - MSM of Color Navigation Svcs	93.940	CD8007/1620442-02	10/01/17 - 09/29/18	-	79,082	79,082	79,082	-	-
Pass-through AIDS Activities Coordinating Office									
HIV Prevention Activities - Health Department Based - MSM of Color Navigation Svcs	93.940	CD9007/1620442-03	10/01/18 - 09/29/19	320,000	-	250,643	250,643	69,357	-
Total CFDA# 93.940				<u>682,930</u>	<u>189,550</u>	<u>627,290</u>	<u>627,290</u>	<u>245,190</u>	<u>-</u>
Pass-Through PA HHS and Access Matters									
MCH Block Grant, Title V	93.994	194501	09/01/18-03/31/19	5,103	-	5,103	5,103	-	-
Pass-through PA Dept of Health, Division of Child and Adult Health Services									
Adolescent Medical Care	93.994	4100076391	07/01/18-06/30/19	150,000	-	150,000	150,000	-	-
Total CFDA# 93.994				<u>155,103</u>	<u>-</u>	<u>155,103</u>	<u>155,103</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>\$ 3,506,910</u>	<u>\$ 1,214,181</u>	<u>\$ 3,726,636</u>	<u>\$ 3,726,636</u>	<u>\$ 994,455</u>	<u>\$ -</u>

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, 2019

Program Title	Federal CFDA No.	Grant ID/ Contract No.	Grant Period	Total Funding Received/ Awarded During the Year	Accrued or Deferred Funding Beginning of the Year	Revenue Recognized	Expenditures	Accrued or Deferred Funding End of the Year	Payments to Subrecipients
Federal Awards:									
<u>U.S. Department of Homeland Security</u>									
Pass-through Philadelphia City/County, PA Local Regional Office Emergency Food and Shelter Program - United Way	97.024	731000-078	n/a	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -
Total Federal Awards				5,104,430	1,491,120	5,345,885	5,345,885	1,249,665	-
State Awards:									
<u>Commonwealth of Pennsylvania</u>									
Pass-through AIDS Activity Coordinating Office - Testing and Linkage to Care	N/A	SZ9115/1820162-01	07/01/18-06/30/19	336,429	-	336,429	336,429	-	-
Pass-through AIDS Activity Coordinating Office - Testing and Linkage to Care	N/A	SZ9122/1820162-01	07/01/18-12/31/18	90,286	-	90,286	90,286	-	-
Pass-through City of Philadelphia, Department Human Services POSITIVE YOUTH DEVELOPMENT	N/A	1920123	07/01/18-06/30/19	80,000	-	61,755	12,351	18,245	-
Pass-through PA Department of Human Services and Access Matters Breast Cancer Screening State 245	N/A	194501	09/01/18-03/31/19	7,618	-	7,618	7,618	-	-
Pass-through PA Department of Health and Access Matters Family Planning Expanded Medical Services State 237	N/A	194501	09/01/18-03/31/19	17,236	-	17,236	17,236	-	-
Total State Awards				531,569	-	513,324	463,920	18,245	-
City Awards:									
<u>Philadelphia Department of Public Health</u>									
Pass-through AIDS Activity Coordinating Office - Trans Health Conference	N/A	GF9497/1820155-01	07/01/18-06/30/19	25,000	-	25,000	25,000	-	-
Pass-through AIDS Activity Coordinating Office - City Food	N/A	GF9424/1820155-01	07/01/18-06/30/19	15,000	-	15,000	15,000	-	-
Pass-through AIDS Activity Coordinating Office - Ambulatory Care	N/A	GF9425/1820155-01	07/01/18-06/30/19	35,000	-	35,000	35,000	-	-
Total Pass-Through AIDS Activities Coordinating Office				75,000	-	75,000	75,000	-	-
Pass-through City of Philadelphia, Department Human Services POSITIVE YOUTH DEVELOPMENT	N/A	1920123	07/01/18-06/30/19	20,000	-	-	49,404	20,000	-
Pass-through PHMC - Tokens	N/A	TOKENS	07/01/18-06/30/19	13,255	-	13,255	13,255	-	-
Total City Awards				108,255	-	88,255	137,659	20,000	-
Total Federal, State, and City Awards				\$ 5,744,254	\$ 1,491,120	\$ 5,947,464	\$ 5,947,464	\$ 1,287,910	\$ -

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, 2019

NOTE 1 GENERAL INFORMATION

The accompanying schedule of expenditures of federal, state, and city awards (the Schedule) includes the federal award activity of Mazzone Center, under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Mazzone Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mazzone Center.

NOTE 2 BASIS OF ACCOUNTING

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 not allowable or are limited as to reimbursement.

The amounts reported in this Schedule as expenditures may differ from certain financial reports submitted to funding agencies because those reports may be submitted on either a cash or modified accrual basis of accounting.

Expenditures of federal, state, and city awards are reported on the statement of activities as operating expenses. In certain programs, the expenditures reported in the basic consolidated financial statements differ from the expenditures reported in the Schedule because other program expenditures and expenditures may exceed contract budget limitations, and are therefore not included as expenditures of federal, state, and city awards.

NOTE 3 INDIRECT COST RATE

Mazzone Center has elected to use the 10% de Minimis indirect cost rate allowed under the Uniform Guidance.

MAZZONI CENTER
SCHEDULE 1 – AACO CONTRACT NUMBER 1820155-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	<u>Award Number GF9424</u>	<u>Award Number GF9425</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 8,107	\$ 19,176
Fringe Benefits	2,458	6,072
Total Personnel Expenditures	<u>10,565</u>	<u>25,248</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	3,043	4,848
Subcontract	-	-
Occupancy	-	1,725
Communications	84	173
Leased Rentals and Maintenance	-	-
Insurance	-	138
Total Operating Expenditures	<u>3,127</u>	<u>6,884</u>
Total Direct Expenditures	13,692	32,132
Indirect Expenditures	<u>1,308</u>	<u>2,868</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 1 – AACO CONTRACT NUMBER 1820155-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE (CONTINUED)
YEAR ENDED JUNE 30, 2019

	Award Number GF9497
Direct Expenditures	
Personnel:	
Salaries	\$ 12,793
Fringe Benefits	<u>2,778</u>
Total Personnel Expenditures	15,571
Operating:	
Equipment	-
Travel	-
Supplies	6,117
Subcontract	-
Occupancy	1,076
Communications	85
Leased Rentals and Maintenance	13
Insurance	<u>101</u>
Total Operating Expenditures	<u>7,392</u>
Total Direct Expenditures	22,963
Indirect Expenditures	<u>2,037</u>
Total Expenditures	25,000
Program Revenue	<u>-</u>
Net AACO Funded Expenditures	<u><u>\$ 25,000</u></u>

MAZZONI CENTER
SCHEDULE 2 – AACO CONTRACT NUMBER 1720690-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	<u>Award Number RS9880</u>	<u>Award Number RS9876</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 1,605	\$ 12,437
Fringe Benefits	889	4,272
Total Personnel Expenditures	<u>2,494</u>	<u>16,709</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	19	93
Subcontract	-	-
Occupancy	-	-
Communications	-	-
Leased Rentals and Maintenance	-	-
Insurance	-	-
Total Operating Expenditures	<u>19</u>	<u>93</u>
Total Direct Expenditures	2,513	16,802
Indirect Expenditures	<u>140</u>	<u>1,172</u>
Total Expenditures	2,653	17,974
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 2,653</u>	<u>\$ 17,974</u>

MAZZONI CENTER
SCHEDULE 2 – AACO CONTRACT NUMBER 1720690-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE (CONTINUED)
YEAR ENDED JUNE 30, 2019

	<u>Award Number RS9501</u>	<u>Award Number RS9594</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 43,130	\$ 2,129
Fringe Benefits	15,044	906
Total Personnel Expenditures	<u>58,174</u>	<u>3,035</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	272	168
Subcontract	-	-
Occupancy	-	-
Communications	441	30
Leased Rentals and Maintenance	-	11
Insurance	-	-
Total Operating Expenditures	<u>713</u>	<u>209</u>
Total Direct Expenditures	58,887	3,244
Indirect Expenditures	<u>5,325</u>	<u>456</u>
Total Expenditures	64,212	3,700
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 64,212</u>	<u>\$ 3,700</u>

MAZZONI CENTER
SCHEDULE 2 – AACO CONTRACT NUMBER 1720690-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE (CONTINUED)
YEAR ENDED JUNE 30, 2019

	<u>Award Number RS9960</u>
Direct Expenditures	
Personnel:	
Salaries	\$ 152,481
Fringe Benefits	<u>51,098</u>
Total Personnel Expenditures	203,579
Operating:	
Equipment	-
Travel	-
Supplies	1,303
Subcontract	-
Occupancy	-
Communications	1,456
Leased Rentals and Maintenance	768
Insurance	-
Total Operating Expenditures	<u>3,527</u>
Total Direct Expenditures	207,106
Indirect Expenditures	<u>20,579</u>
Total Expenditures	227,685
Program Revenue	<u>-</u>
Net AACO Funded Expenditures	<u><u>\$ 227,685</u></u>

MAZZONI CENTER
SCHEDULE 3 – AACO CONTRACT NUMBER 1720690-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	<u>Award Number RS8880</u>	<u>Award Number RS8876</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 18,461	\$ 21,707
Fringe Benefits	5,690	4,971
Total Personnel Expenditures	<u>24,151</u>	<u>26,678</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	88	-
Subcontract	-	-
Occupancy	-	-
Communications	-	-
Leased Rentals and Maintenance	79	-
Insurance	-	-
Total Operating Expenditures	<u>167</u>	<u>-</u>
Total Direct Expenditures	24,318	26,678
Indirect Expenditures	<u>2,810</u>	<u>3,219</u>
Total Expenditures	27,128	29,897
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 27,128</u>	<u>\$ 29,897</u>

MAZZONI CENTER
SCHEDULE 3 – AACO CONTRACT NUMBER 1720690-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE (CONTINUED)
YEAR ENDED JUNE 30, 2019

	<u>Award Number RS8501</u>	<u>Award Number RS8594</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 87,236	\$ 4,305
Fringe Benefits	25,356	1,023
Total Personnel Expenditures	<u>112,592</u>	<u>5,328</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	1,186	72,385
Subcontract	-	-
Occupancy	-	655
Communications	883	54
Leased Rentals and Maintenance	379	23
Insurance	-	-
Total Operating Expenditures	<u>2,448</u>	<u>73,117</u>
Total Direct Expenditures	115,040	78,445
Indirect Expenditures	<u>12,765</u>	<u>7,568</u>
Total Expenditures	127,805	86,013
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 127,805</u>	<u>\$ 86,013</u>

MAZZONI CENTER
SCHEDULE 3 – AACO CONTRACT NUMBER 1720690-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE (CONTINUED)
YEAR ENDED JUNE 30, 2019

	<u>Award Number RS8960</u>	<u>Award Number RS8942</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 529,148	\$ 28,342
Fringe Benefits	159,181	7,556
Total Personnel Expenditures	<u>688,329</u>	<u>35,898</u>
Operating:		
Equipment	-	-
Travel	2,500	-
Supplies	3,087	27,744
Subcontract	-	-
Occupancy	-	-
Communications	6,082	158
Leased Rentals and Maintenance	(712)	-
Insurance	-	-
Total Operating Expenditures	<u>10,957</u>	<u>27,902</u>
Total Direct Expenditures	699,286	63,800
Indirect Expenditures	<u>77,431</u>	<u>6,197</u>
Total Expenditures	776,717	69,997
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 776,717</u>	<u>\$ 69,997</u>

MAZZONI CENTER
SCHEDULE 4 – AACO CONTRACT NUMBER 1820114-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	<u>Award Number SR9033</u>	<u>Award Number SR9034</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 25,736	\$ 214,549
Fringe Benefits	8,776	59,104
Total Personnel Expenditures	<u>34,512</u>	<u>273,653</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	8,785	117,528
Subcontract	-	-
Occupancy	4,528	16,145
Communications	419	1,488
Leased Rentals and Maintenance	-	-
Insurance	-	1,120
Total Operating Expenditures	<u>13,732</u>	<u>136,281</u>
Total Direct Expenditures	48,244	409,934
Indirect Expenditures	<u>4,848</u>	<u>37,878</u>
Total Expenditures	53,092	447,812
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 53,092</u>	<u>\$ 447,812</u>

MAZZONI CENTER
SCHEDULE 4 – AACO CONTRACT NUMBER 1820114-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE (CONTINUED)
YEAR ENDED JUNE 30, 2019

	Award Number SR9095	Award Number SR9118
Direct Expenditures		
Personnel:		
Salaries	\$ 24,264	\$ 154,877
Fringe Benefits	7,178	49,588
Total Personnel Expenditures	31,442	204,465
Operating:		
Equipment	-	-
Travel	-	-
Supplies	191	1,276
Subcontract	-	-
Occupancy	1,941	-
Communications	280	-
Leased Rentals and Maintenance	-	-
Insurance	-	-
Total Operating Expenditures	2,412	1,276
Total Direct Expenditures	33,854	205,741
Indirect Expenditures	3,238	15,978
Total Expenditures	37,092	221,719
Program Revenue	-	-
Net AACO Funded Expenditures	\$ 37,092	\$ 221,719

MAZZONI CENTER
SCHEDULE 5 – AACO CONTRACT NUMBER 1620442-02
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	<u>Award Number CD8007</u>	<u>Award Number CD8021</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 40,093	\$ 17,201
Fringe Benefits	17,841	3,574
Total Personnel Expenditures	<u>57,934</u>	<u>20,775</u>
Operating:		
Equipment	-	4,230
Travel	2,008	-
Supplies	6,017	137
Subcontract	2,250	-
Occupancy	2,080	2,400
Communications	193	221
Leased Rentals and Maintenance	251	90
Insurance	347	167
Total Operating Expenditures	<u>13,146</u>	<u>7,245</u>
Total Direct Expenditures	71,080	28,020
Indirect Expenditures	<u>8,002</u>	<u>288</u>
Total Expenditures	79,082	28,308
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 79,082</u>	<u>\$ 28,308</u>

MAZZONI CENTER
SCHEDULE 6 – AACO CONTRACT NUMBER 1620442-03
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	<u>Award Number CD9007</u>	<u>Award Number CD9021</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 164,196	\$ 46,914
Fringe Benefits	60,282	17,417
Total Personnel Expenditures	<u>224,478</u>	<u>64,331</u>
Operating:		
Equipment	-	-
Travel	8,904	3,532
Supplies	2,333	321
Subcontract	7,800	-
Occupancy	-	7,322
Communications	-	671
Leased Rentals and Maintenance	-	280
Insurance	-	541
Total Operating Expenditures	<u>19,037</u>	<u>12,667</u>
Total Direct Expenditures	243,515	76,998
Indirect Expenditures	<u>7,128</u>	<u>4,978</u>
Total Expenditures	250,643	81,976
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 250,643</u>	<u>\$ 81,976</u>

MAZZONI CENTER
SCHEDULE 7 – AACO CONTRACT NUMBER 1820470
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	Award Number CP8020	Award Number CP8021
Direct Expenditures		
Personnel:		
Salaries	\$ 15,683	\$ 27,317
Fringe Benefits	5,775	7,133
Total Personnel Expenditures	21,458	34,450
Operating:		
Equipment	-	3,285
Travel	-	2,000
Supplies	1,017	859
Subcontract	-	10,780
Occupancy	-	2,310
Communications	238	280
Leased Rentals and Maintenance	-	134
Insurance	-	256
Total Operating Expenditures	1,255	19,904
Total Direct Expenditures	22,713	54,354
Indirect Expenditures	2,369	2,724
Total Expenditures	25,082	57,078
Program Revenue	-	-
Net AACO Funded Expenditures	\$ 25,082	\$ 57,078

MAZZONI CENTER
SCHEDULE 8 – AACO CONTRACT NUMBER 1820407-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	<u>Award Number CP9020</u>	<u>Award Number CP9021</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 42,187	\$ 20,824
Fringe Benefits	12,572	7,983
Total Personnel Expenditures	<u>54,759</u>	<u>28,807</u>
Operating:		
Equipment	-	-
Travel	392	2,000
Supplies	2,548	1,178
Subcontract	-	5,054
Occupancy	-	-
Communications	724	-
Leased Rentals and Maintenance	290	-
Insurance	-	-
Total Operating Expenditures	<u>3,954</u>	<u>8,232</u>
Total Direct Expenditures	58,713	37,039
Indirect Expenditures	<u>7,498</u>	<u>1,871</u>
Total Expenditures	66,211	38,910
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 66,211</u>	<u>\$ 38,910</u>

MAZZONI CENTER
SCHEDULE 9 – AACO CONTRACT NUMBER 1820162-01
STATEMENT OF PROGRAM EXPENDITURES AND PROGRAM REVENUE
YEAR ENDED JUNE 30, 2019

	<u>Award Number SZ9115</u>	<u>Award Number SZ9122</u>
Direct Expenditures		
Personnel:		
Salaries	\$ 217,613	\$ 53,548
Fringe Benefits	71,677	15,809
Total Personnel Expenditures	<u>289,290</u>	<u>69,357</u>
Operating:		
Equipment	-	-
Travel	-	-
Supplies	18,033	7,396
Subcontract	-	-
Occupancy	-	4,524
Communications	3,542	1,522
Leased Rentals and Maintenance	660	-
Insurance	1,243	627
Total Operating Expenditures	<u>23,478</u>	<u>14,069</u>
Total Direct Expenditures	312,768	83,426
Indirect Expenditures	<u>23,661</u>	<u>6,860</u>
Total Expenditures	336,429	90,286
Program Revenue	<u>-</u>	<u>-</u>
Net AACO Funded Expenditures	<u>\$ 336,429</u>	<u>\$ 90,286</u>

**MAZZONI CENTER
STATEMENT OF SOURCE AND STATUS OF FUNDS
CONTRACT NUMBER 19-20087
YEAR ENDED JUNE 30, 2019**

	HOPWA CDBG Funds	Program Income	Other City Funds	Non City Funds	Total
Total Contract (Final Authorized Budget)	\$ 1,587,520	\$ -	\$ -	\$ -	\$ 1,587,520
Less:					
Funds Drawn Down - Prior Fiscal Year	-	-	-	-	-
Funds Drawn Down - Current Fiscal Year	<u>1,186,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,186,054</u>
Total Funds Drawn Down	<u>1,186,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,186,054</u>
Funds Still Available for Draw Down	<u>\$ 401,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,466</u>
Add					
Program Income	-	-	-	-	-
Total Funds Received	\$ 1,320,101	\$ -	\$ -	\$ -	\$ 1,320,101
Less:					
Program Income Expended	-	-	-	-	-
Funds Applied - Prior Fiscal Year	134,047	-	-	-	134,047
Funds Applied - Current Fiscal Year	<u>1,186,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,186,054</u>
Total Funds Applied	1,320,101	-	-	-	1,320,101
Total Funds Due From Funding Source	<u>\$ 230,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,593</u>
Total Funds Available For Disposition	<u>\$ 170,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,873</u>

**MAZZONI CENTER
SCHEDULE OF PROGRAM EXPENDITURES
CONTRACT NUMBER 19-20087
YEAR ENDED JUNE 30, 2019**

Contract Categories	Project Budget				Accrued Expenditures Prior to 07/01/18				Accrued Expenditures 07/01/18-06/30/19				Accrued Expenditures Cumulative to June 30, 2019				
	HOPWA	Other	Other	Total	HOPWA	Other	Other	Total	HOPWA	Other	Other	Total	HOPWA	Other	Other	Total	
	Funds	City	Non		Funds	City	Non		Funds	Funds	City		Non	Funds	Funds		City
Direct Personnel	\$203,832	\$ -	\$ -	\$203,832	\$ -	\$ -	\$ -	\$ -	\$203,832	\$ -	\$ -	\$ -	\$ 203,832	\$ 203,832	\$ -	\$ -	\$ 203,832
Direct Fringe Benefits	71,478	-	-	71,478	-	-	-	-	71,478	-	-	-	71,478	71,478	-	-	71,478
Admin Personnel	22,380	-	-	22,380	-	-	-	-	22,380	-	-	-	22,380	22,380	-	-	22,380
Admin Fringe	6,735	-	-	6,735	-	-	-	-	6,735	-	-	-	6,735	6,735	-	-	6,735
Direct Travel	5,119	-	-	5,119	-	-	-	-	5,119	-	-	-	5,119	5,119	-	-	5,119
Direct Occupancy	22,808	-	-	22,808	-	-	-	-	22,808	-	-	-	22,808	22,808	-	-	22,808
Admin Occupancy	8,481	-	-	8,481	-	-	-	-	8,481	-	-	-	8,481	8,481	-	-	8,481
Direct Consumable Supplies	1,692	-	-	1,692	-	-	-	-	1,692	-	-	-	1,692	1,692	-	-	1,692
Admin Consumable Supplies	585	-	-	585	-	-	-	-	585	-	-	-	585	585	-	-	585
Direct Insurance	1,606	-	-	1,606	-	-	-	-	1,606	-	-	-	1,606	1,606	-	-	1,606
Admin Insurance	595	-	-	595	-	-	-	-	595	-	-	-	595	595	-	-	595
Direct Monthly Rents	1,211,000	-	-	1,211,000	-	-	-	-	1,052,273	-	-	-	1,052,273	1,052,273	-	-	1,052,273
Direct Security Deposits	30,000	-	-	30,000	-	-	-	-	17,854	-	-	-	17,854	17,854	-	-	17,854
Direct Equipment Lease/Maint	909	-	-	909	-	-	-	-	909	-	-	-	909	909	-	-	909
Admin Equipment Lease/Maint	300	-	-	300	-	-	-	-	300	-	-	-	300	300	-	-	300
Other Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indirect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,587,520	-	-	1,587,520	-	-	-	-	1,416,647	-	-	-	1,416,647	1,416,647	-	-	1,416,647
Audit Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Contract	\$ 1,587,520	\$ -	\$ -	\$ 1,587,520	\$ -	\$ -	\$ -	\$ -	\$ 1,416,647	\$ -	\$ -	\$ -	\$ 1,416,647	\$ 1,416,647	\$ -	\$ -	\$ 1,416,647

**MAZZONI CENTER
SCHEDULE OF PROGRAM REVENUE
CONTRACT NUMBER 19-20087
YEAR ENDED JUNE 30, 2019**

	<u>Sale Proceeds</u>	<u>Other (Specify)</u>	<u>Total</u>
Program Income (Cumulative to June 30, 2019)	\$ -	\$ -	\$ -
Less: Program Income Expended in Prior Years	<u>-</u>	<u>-</u>	<u>-</u>
Beginning Balance July 1, 2018	-	-	-
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, 2019	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**MAZZONI CENTER
RECONCILIATION SCHEDULE
CONTRACT NUMBER 19-20087
YEAR ENDED JUNE 30, 2019**

	HOPWA Amount Per Books and Records	Amounts Per Invoices as of June 30, 2019	Differences
Contract Amount	\$ 1,587,520	\$ 1,587,520	\$ -
Program Cost:			
Current Year	1,416,647	1,416,647	-
Cumulative	1,416,647	1,416,647	-
Funds Drawn Down:			
Current Year	1,186,054	1,186,054	-
Cumulative	-	-	-
Balance Due to Agency (Mazzoni Center)	<u>\$ 230,593</u>	<u>\$ 230,593</u>	<u>\$ -</u>

Notes:

The Balance Due to Agency (Mazzoni Center) consists May and June 2019 Invoices which were received after fiscal year end.



**INDEPENDENT AUDITORS' 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, 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 consolidated financial statements of Mazzoni Center, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 14, 2019.

Internal Control Over Financial Reporting

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

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

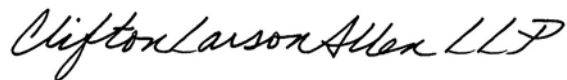
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mazzoni Center’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 result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
November 14, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Mazzoni Center
Philadelphia, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Mazzoni Center's compliance with the types of compliance requirements described in the *OMB 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, 2019. Mazzoni Center's major federal programs are identified in the summary of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Mazzoni Center'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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the City of Philadelphia Sub-recipient Audit Guide. Those standards and Uniform Guidance and the City of Philadelphia Sub-recipient 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Mazzoni Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Mazzoni Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Mazzoni Center 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 Mazzoni Center'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 Mazzoni Center's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
November 14, 2019

**MAZZONI CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified

2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no

 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no

 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

2. Type of auditor’s report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.515(d)(2) of the Uniform Guidance? _____ yes X no

Identification of Major Federal Programs

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.241	Housing Opportunities for Persons with AIDS
16.889	Grants for Outreach and Services to Underserved Populations

**MAZZONI CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results (Continued)

Dollar threshold used to distinguish between
Type A or Type B programs was: \$ 750,000

Auditee qualified as low-risk auditee pursuant to
Uniform Guidance? X yes no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR section 200.515(d)(2) of the Uniform Guidance

Section IV – Prior Year Findings

There were no prior year audit findings that would be required to be reported under Uniform Guidance.

