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April 7, 2016

Board of Directors
AIDS Ministries/AIDS Assist of North Indiana, Inc.
201 S. William
P.O. Box 11582
South Bend, IN 46601

We have reviewed the audit report prepared by Weidner and Company, PC, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of AIDS Ministries/AIDS Assist of North Indiana, Inc., as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC

FINANCIAL AND COMPLIANCE REPORT

June 30, 2015 and 2014



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

December 3, 2015

To the Board of Directors
AIDS Ministries / AIDS Assist of North Indiana, Inc.
South Bend, Indiana

Report on Compliance for Each Major Federal Program

We have audited AIDS Ministries / AIDS Assist of North Indiana, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on AIDS Ministries / AIDS Assist of North Indiana, Inc.'s major federal program for the year ended June 30, 2015. AIDS Ministries / AIDS Assist of North Indiana, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for AIDS Ministries / AIDS Assist of North Indiana, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AIDS Ministries / AIDS Assist of North Indiana, Inc.'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 the major federal program. However, our audit does not provide a legal determination of AIDS Ministries / AIDS Assist of North Indiana, Inc.'s compliance.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS Ministries / AIDS Assist of North Indiana, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial and compliance.

Weidner and Company, P.C.



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

(See Independent Auditor's Report)

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash (including restricted cash of \$16,580 and \$1,784, respectively)	\$ 34,994	\$ 20,446
Grants receivable	94,709	86,230
Prepaid expense	<u>4,456</u>	<u>-</u>
Total current assets	<u>134,159</u>	<u>106,676</u>
Property and Equipment:		
Land	52,025	52,025
Buildings and improvements	1,140,030	1,127,064
Office equipment	48,401	47,230
Vehicles	22,965	22,965
Furniture and fixtures in housing units	<u>5,717</u>	<u>5,717</u>
Total cost	1,269,138	1,255,001
Less accumulated depreciation	<u>(571,176)</u>	<u>(533,174)</u>
Net property and equipment	<u>697,962</u>	<u>721,827</u>
Total assets	<u>\$ 832,121</u>	<u>\$ 828,503</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued expenses	\$ 32,922	\$ 30,836
Current portion of long-term debt	<u>16,445</u>	<u>15,421</u>
Total current liabilities	<u>49,367</u>	<u>46,257</u>
Long-term Debt:		
Note payable - bank	152,121	167,541
Less current portion of long-term debt	<u>(16,445)</u>	<u>(15,421)</u>
Net long-term debt	<u>135,676</u>	<u>152,120</u>
Total Liabilities	<u>185,043</u>	<u>198,377</u>
Net Assets:		
Unrestricted net assets	630,498	628,342
Temporarily restricted net assets	<u>16,580</u>	<u>1,784</u>
Total net assets	<u>647,078</u>	<u>630,126</u>
Total liabilities and net assets	<u>\$ 832,121</u>	<u>\$ 828,503</u>



The notes are an integral part of these financial statements.

AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended June 30, 2015 and 2014

(See Independent Auditor's Report)

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Government grants	\$ 645,983	\$ -	\$ 645,983	\$ 660,950	\$ -	\$ 660,950
United Way grants	11,386	80	11,466	13,796	100	13,896
Other grants	26,000	16,500	42,500	28,400	600	29,000
Contributions and memorials	26,863	-	26,863	26,034 *	-	26,034
Rent revenue	21,800	-	21,800	25,280	-	25,280
Fundraisers - gross revenue	33,024	-	33,024	24,716	-	24,716
Fundraisers - direct expenses	(13,251)	-	(13,251)	(7,966)	-	(7,966)
Other income	12,562	-	12,562	3,984	-	3,984
Net assets released from restrictions:						
Satisfaction of program restrictions	1,784	(1,784)	-	9,038	(9,038)	-
Total revenue and support	<u>766,151</u>	<u>14,796</u>	<u>780,947</u>	<u>784,232</u>	<u>(8,338)</u>	<u>775,894</u>
EXPENSES						
Program services:						
Direct services	564,828	-	564,828	580,210 *	-	580,210
Preventative services	142,371	-	142,371	143,094 *	-	143,094
Supporting Services:						
General and administrative	56,796	-	56,796	62,275	-	62,275
Total expenses	<u>763,995</u>	<u>-</u>	<u>763,995</u>	<u>785,579</u>	<u>-</u>	<u>785,579</u>
Change in net assets	2,156	14,796	16,952	(1,347)	(8,338)	(9,685)
Net assets, beginning of year	<u>628,342</u>	<u>1,784</u>	<u>630,126</u>	<u>629,689</u>	<u>10,122</u>	<u>639,811</u>
Net assets, end of year	<u>\$ 630,498</u>	<u>\$ 16,580</u>	<u>\$ 647,078</u>	<u>\$ 628,342</u>	<u>\$ 1,784</u>	<u>\$ 630,126</u>

* Amounts have been reclassified to conform to classifications adopted in 2015.

The notes are an integral part of these financial statements.

AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2015 and 2014

(See Independent Auditor's Report)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 16,952	\$ (9,685)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,002	37,350
Change in assets decrease (increase):		
Grants receivable	(8,479)	(4,847)
Prepaid expenses	(4,456)	3,857
Change in liabilities increase (decrease):		
Accrued expenses	2,086	516
Net adjustments	27,153	36,876
Net cash provided by operating activities	44,105	27,191
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(14,137)	(4,196)
Net cash used by investing activities	(14,137)	(4,196)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(15,420)	(12,994)
Net cash used by financing activities	(15,420)	(12,994)
Net increase in cash	14,548	10,001
Cash, beginning of year	20,446	10,445
Cash, end of year	\$ 34,994	\$ 20,446
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 7,765	\$ 9,045

The notes are an integral part of these financial statements.



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2015

(See Independent Auditor's Report)

	Program Costs		Support General and Administrative	Total
	Direct Service	Preventive Service		
Personnel	\$ 259,495	\$ 89,900	\$ 10,050	\$ 359,445
Employee benefits	11,895	3,784	535	16,214
Payroll taxes	20,616	9,252	736	30,604
Outside services	20,655	608	3,190	24,453
Training	303	25	-	328
Building and repairs	7,063	-	-	7,063
Utilities	19,713	7,910	6,310	33,933
Depreciation	22,800	5,700	9,501	38,001
Insurance	13,399	7,251	3,178	23,828
Direct service	154,986	5,566	-	160,552
Travel	10,077	2,490	3,016	15,583
Professional fees	9,601	4,440	3,452	17,493
Telephone	5,539	1,446	1,501	8,486
Office expense	6,768	2,884	4,871	14,523
Postage	1,916	1,116	978	4,010
Membership fees	-	-	99	99
Interest expense	-	-	7,765	7,765
Miscellaneous	-	-	1,615	1,615
Total expenses	\$ 564,826	\$ 142,372	\$ 56,797	\$ 763,995

The notes are an integral part of these financial statements.

AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2014
(See Independent Auditor's Report)

	Program Costs		Support General and Administrative	Total
	Direct Service	Preventive Service		
Personnel	\$ 262,651 *	\$ 92,838 *	11,398 *	\$ 366,887
Employee benefits	25,187 *	10,018 *	1,381 *	36,586
Payroll taxes	19,774	8,197 *	984	28,955
Outside services	18,002 *	1,061 *	2,098	21,161
Training	100	-	-	100
Building and repairs	10,993 *	102 *	36 *	11,131
Utilities	27,231 *	5,412 *	5,410 *	38,053
Depreciation	22,410	5,602	9,338	37,350
Insurance	9,041	6,331	7,282	22,654
Direct service	143,898 *	1,882	-	145,780
Travel	11,535	4,104	4,572	20,211
Professional fees	11,813 *	3,600	2,410 *	17,823
Telephone	6,773 *	845	859	8,477
Office expense	8,693 *	2,592 *	3,101 *	14,386
Postage	1,937	511	841	3,289
Membership fees	135	-	45	180
Interest expense	-	-	9,046	9,046
Miscellaneous	36	-	3,474 *	3,510
Total expenses	\$ 580,209	\$ 143,095	\$ 62,275	\$ 785,579

* Amounts have been reclassified to conform to classifications adopted in 2015.

The notes are an integral part of these financial statements.

AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities:

AIDS Ministries / AIDS Assist of North Indiana, Inc. (the Organization), is a non-profit corporation organized under the laws of the State of Indiana. Through government grants and private financial support from individuals, business and religious organizations, the Organization provides clients with supportive and preventive services. Supportive services include care coordination, housing programs, social support, medical needs assessment, and provides direct assistance and support for those infected and/or affected by HIV/AIDS in northern Indiana. Prevention programs include education, resource center, preventive educational services, as well as testing and counseling for members of the community.

Significant Accounting Policies:

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

Basis of Presentation - Financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America (GAAP). Under GAAP, the Organization reports its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Reflect assets which have not been restricted as to use by the donors. A designation within this asset group represents assets restricted by the Board of Directors.

Temporarily Restricted Net Assets – Reflect contributed assets whose use by the Organization has been limited by donors for a specific time period or purpose.

Permanently Restricted Net Assets – Reflect contributions with donor imposed restrictions which do not expire and allow, in certain cases, only the income earned to be expensed by the Organization.

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

Income Tax Exemption - The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Indiana Tax Code whereby only unrelated business income is subject to income tax. The Organization currently has no unrelated business income for the fiscal years ended June 30, 2015 and 2014.

The Organization's policy is to record an unrecognized tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained upon examination by the tax authorities. Interest and penalties related to gross unrecognized tax benefits would be included within the provision for income taxes. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued would be reduced in the period that such determination is made and reflected as a reduction of the overall income tax provision. The Organization files a federal and an Indiana state non-profit income tax return annually.



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies - continued

The tax years remaining subject to examination by the federal and Indiana tax jurisdictions date back to the year ending June 30, 2012.

Cash and cash equivalents – The Organization considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents.

Grants and contributions receivable – Grants and contributions receivable consist primarily of amounts due under government cost-reimbursement grants. All amounts are due within a year. Grants and contributions receivable are presented at face value, net of the allowance for doubtful accounts. The allowances for doubtful-accounts are established through a provision charged against income and are maintained at a level believed adequate to absorb estimated bad debts based on the current economic conditions. Management considers all accounts to be collectable, therefore, a provision for uncollectable accounts has not been established as of June, 30, 2015 and 2014.

At June 30, 2015 and 2014, the Organization had approximately \$130,008 and \$94,709 respectively of conditional promises to give in excess of allowable cost incurred by the government cost-reimbursement grants. Such promises will be recognized as revenue when allowable costs are incurred.

Inventory – Inventory is carried at the estimated value of the items when donated or purchased. Inventory consists of items in the food pantry. The value is determined by the donor and adjusted as items are dispensed out or added. There was no inventory on-hand as of June 30, 2015 and 2014.

Property and equipment – Purchased property and equipment are presented on the statement of financial position at historical cost. Depreciation is calculated using the straight-line method or a declining-balance method over the assets estimated useful lives. Major renewals and betterments are capitalized, while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed when incurred. Property and equipment and accumulated depreciation are relieved upon retirement or sale and the gain or loss is included in income. The Organization's capitalization policy requires that assets costing in excess of \$1,000 be capitalized. The estimated useful lives of the assets are as follows:

Buildings	39 years
Leasehold improvements	15 years
Equipment	5 – 7 years
Vehicles	5 years

Donated Property – Donated property is recorded at the estimated fair market value at the date of receipt as determined by the donor.

Prepaid expenses – Prepaid expenses consist mainly of the unused portion of insurance premiums for property, auto and workers compensation insurance.



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies - continued

Revenue recognition – The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Contributions received, unconditional promises to give, and grant revenues are recorded as unrestricted, temporarily restricted, or permanently restricted revenue depending on the existence of donor restrictions and the nature of such restrictions, if they exist.

Unconditional contributed support expected to be collected within one year is recorded at net realizable value. Unconditional contributed support expected to be collected after one year is recorded at the present value of the estimated future cash flows discounted back to present value using the appropriate discount rates. Amortization of the discount is recorded as additional contribution revenue.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of the specific promises made.

Volunteer Services – A number of unpaid volunteers have made contributions of their time to AIDS Ministries / AIDS Assist of North Indiana Inc. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation. Professional services donated are valued and reflected in the statements. There were no such services received during the fiscal years ended June 30, 2015 and 2014.

Contributions In-Kind - The Organization received contributions in-kind consisting of cleaning supplies in the amount of \$737 and \$1,088 during the fiscal years ended June 30, 2015 and 2014.

Functional Allocation Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain common costs have been allocated among programs and supporting services benefited.

Advertising – Advertising cost are charged to operations in the period in which advertisement is placed. Advertising for the fiscal years ended June 30, 2015 and 2014 amounted to approximately \$553 and \$251, respectively.

Note 2. Short-term Debt

The terms of a line-of-credit with a bank permit the Organization to borrow up to \$45,000, of which none was outstanding as of June 30, 2015 and 2014. Borrowing under this agreement bears interest at 4.25%. Borrowings are collateralized by substantially all of the assets of the organization. The line-of-credit agreement expires in November 2015.



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Long-term Debt

	<u>2015</u>	<u>2014</u>
A note payable to a local bank was refinanced in December, 2013. The note is due in monthly installments of \$1,929 including interest at a fixed rate of 4.75%. An estimated balloon payment of \$93,874 is due in December 2018. The note is collateralized by real estate.	\$152,121	\$167,541
Less current portion of long-term debt	<u>(16,445)</u>	<u>(15,421)</u>
 Net long-term debt	 <u>\$135,676</u>	 <u>\$152,120</u>

Long-term debt is scheduled to mature as follows, for the fiscal year ending June 30:

	<u>2015</u>	<u>2014</u>
2016	\$ 16,445	\$ 15,421
2017	17,077	16,161
2018	17,906	16,976
2019	100,693	17,812
2020	<u>0</u>	<u>101,171</u>
	<u>\$152,121</u>	<u>\$167,541</u>

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Time restricted for future periods	\$ 0	\$ 0
Purpose restrictions:		
Support services	<u>16,580</u>	<u>1,784</u>
 Total temporarily restricted net assets	 <u>\$ 16,580</u>	 <u>\$ 1,784</u>

Note 5. Building Affordability Periods

All buildings except for the office building were acquired through grants and donations. Their use is restricted for housing of homeless individuals who are HIV positive for certain affordability periods that expire after ten (10) years. If the properties are converted to another use during these periods, all or a portion of the grants or donations must be returned to the funding Agency.

Note 6. Pension Plan

The Organization maintains a defined contribution SIMPLE plan under Section 108(p) of the Internal Revenue Code that covers substantially all of its full-time employees. The organization contributed \$6,488 and \$6,370 to the plan for the fiscal years ending June 30, 2015 and 2014, respectively.



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 7. Grants

In addition to the government grants listed in the schedule of expenditures of federal awards, the Organization has the following grants in effect for the year ending June 30, 2015.

<u>Grant</u>	<u>Year</u>	<u>Amount</u>	<u>Income Earned</u>
United Methodist Church	2015	\$ 20,000	\$ 7,232
United Way	2014	7,300	100
United Way	2015	7,380	7,300
United Way	2015	4,086	4,086
MAC Foundation	2015	5,000	218
MAC Foundation	2015	7,500	6,354
Broadway Cares	2014	5,000	383
Broadway Cares	2015	5,000	5,000
Indiana Aids Fund	2015	3,000	1,083
St Joe County Healthy Communities	2014	2,000	2,000
TJX Foundation	2015	5,000	4,870
Elkhart County Community Foundation	2015	<u>1,084</u>	<u>544</u>
Total		<u>\$ 72,350</u>	<u>\$ 39,170</u>

Note 8. Contingencies and Concentration Risks

Prior to January 2015 the Organization had elected to not pay unemployment insurance to the State of Indiana. Consequently, the Organization was responsible for paying unemployment compensation claims of former employees as they were made. As of January 2015, the Organization is paying unemployment insurance to the State of Indiana. Future unemployment claims will not require cash payments from the Organization.

The Organization's donors and activities are concentrated in the northwest region of Indiana. Consequently, its contributions, special events, and other sources of support and revenue may be affected by conditions in that area.

For the years ended June 30, 2015 and 2014, approximately 81% and 85% of total revenues were received from state and federal government sources, all of which originated from the U. S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, and the Center for Disease Control.

Note 9. Reclassifications

Certain reclassifications have made to the 2014 financial statements presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to the reclassification.

Note 10. Subsequent Events

The Organization has evaluated subsequent events for recognition and disclosure through December 1, 2015 which is the date the Organization's financial statements were available to be issued.



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass through Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
US Department of Health and Human Services				
Passed through State or local government or other organization				
Indiana Department of Health	93.667	SACC 955-5	\$ 86,146	\$ 86,146
Indiana Department of Health	93.667	FACC 955-7	138,854	138,854
Indiana Department of Health	93.667	FAAC 955-7	138,854	5,215
Indiana Department of Health	93.940	A70-4-12297	45,000	20,013
Indiana Department of Health	93.940	A70-5-12394	45,000	22,894
US Department of Housing and Urban Development				
Paid directly				
	14.235	IN0001L5H001306	95,438	74,146
	14.235	IN0174L5H001400	118,065	19,277
Passed through State or local government or other organization				
City of South Bend Indiana	14.231	14-JE-02	23,588	18,770
Life Treatment Center	14.235	IN00088B5H001104	22,627	22,419
City of Elkhart, Indiana	14.235	N/A	9,000	9,000
IHCDA	14.241	CC-014-001	143,337	141,269
Center for Disease Control				
Pass through state or local government or other organization				
Indiana Department of Health	93.959	SAPT 955-1	90,000	<u>87,980</u>
				<u>\$ 645,983</u>



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of AIDS Ministries / AIDS Assist of North Indiana, Inc. under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*. Because the schedule presents only a select portion of the operations of AIDS Ministries / AIDS Assist of North Indiana, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of AIDS Ministries / AIDS Assist of North Indiana, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.





**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

December 3, 2015

To the Board of Directors
AIDS Ministries / AIDS Assist of North Indiana, Inc.
Goshen, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AIDS Ministries / AIDS Assist of North Indiana, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AIDS Ministries / AIDS Assist of North Indiana, Inc.'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 AIDS Ministries / AIDS Assist of North Indiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of AIDS Ministries / AIDS Assist of North Indiana, Inc.'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.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL (CONTINUED)

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AIDS Ministries / AIDS Assist of North Indiana, Inc.'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.

Weidner and Company, P.C.





INDEPENDENT AUDITOR'S REPORT

December 3, 2015

To the Board of Directors
AIDS Ministries / AIDS Assist of North Indiana, Inc.
South Bend, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of AIDS Ministries / AIDS Assist of North Indiana, Inc. (a not-for-profit Organization) (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to financial statements. The 2014 financial statements of the Organization were audited by another firm whose opinion dated October 23, 2014 expressed an unmodified opinion.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE (CONTINUED)

Opinion on Each Major Federal Program

In our opinion, AIDS Ministries / AIDS Assist of North Indiana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of AIDS Ministries / AIDS Assist of North Indiana, Inc. 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 AIDS Ministries / AIDS Assist of North Indiana, Inc.'s internal control over compliance with the type of requirements that could have a direct and material effect on the major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AIDS Ministries / AIDS Assist of North Indiana, Inc.'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE (CONTINUED)

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of AIDS Ministries / AIDS Assist of North Indiana, Inc. as of and for the year ended June 30, 2015, and have issued our report thereon dated December 3, 2015, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Weidner and Company, P.C.



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS:

- a. The auditor's report expresses an unqualified opinion on the financial statements of AIDS Ministries / AIDS Assist of North Indiana, Inc. for the year ended June 30, 2015.
- b. No significant deficiencies relating to the audit of the financial statements are reported in this schedule.
- c. No instances of noncompliance material to the financial statements of AIDS Ministries / AIDS Assist of North Indiana, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
- d. No significant deficiencies in internal control over the major federal award program was disclosed during the audit and reported in this schedule.
- e. The auditor's report on compliance for the major federal award program for AIDS Ministries / AIDS Assist of North Indiana, Inc. expresses an unqualified opinion on the major federal program.
- f. The program tested as a major program: Indiana Department of Health under CFDA No. 93.667 and Housing and Urban Development under CFDA No. 14.214.
- g. The threshold used for distinguishing between Types A and B programs was \$300,000.
- h. AIDS Ministries / AIDS Assist of North Indiana, Inc. was determined not to be a low-risk auditee.
- i. There were no audit findings required to be disclosed under OMB Circular A-133 Section 510(a) reported in this schedule.

2. Findings related to the financial statements which are required to be reported in accordance with GAGAS:

None.

3. Findings and questioned costs for federal awards including audit findings as defined in OMB Circular A-133 Section 510(a):

None



AIDS MINISTRIES / AIDS ASSIST OF NORTH INDIANA INC.

SCHEDULE PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2014

Findings - Financial Statement Audit

Significant Deficiencies

#2014-1 Lack of segregation of duties

Statement of Condition:

There is a significant lack of segregation of duties in the accounting function.

Criteria:

Internal controls should be designed so there are divisions of responsibility in the accounting function. One person should not have total control.

Cause:

One person has the ability to initiate, record, and reconcile a transaction.

Questioned Cost:

Not applicable.

Recommendation:

Procedures should be implemented requiring a different person reconcile the checking account other than the person initiating checks.

Management's Response:

Management agrees with the finding. Procedures intended to mitigate the risks of a lack of segregation of duties will be implemented. The manager will be responsible for the new procedures given that position is the most removed from the accounting function, never originating any disbursements. The manager will maintain a log of checks and reconcile the number sequence monthly. The manager will also review the bank statement and software generated reconciliation each month and report any discrepancies to the Board.

Findings - Major Federal Award Programs Audit

Health and Human Services

#2014-2 Housing and Urban Development

CFDA No. 14.235 Grant period ended April, 2014

CFDA No. 14.241 Grant period ended June, 2014

Significant deficiency: The significant deficiency at Finding 2014-1 also applies to these grants.

