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January 29, 2018

Board of Directors
Aids Resource Group of Evansville, Inc.
201 NW Fourth St., Suite B-7
Evansville, IN 47708

We have reviewed the report prepared by Aids Resource Group of Evansville, Inc. and opined upon by Timothy J. Otte CPA, PC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Aids Resource Group of Evansville, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Timothy J. Otte CPA, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

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

Timothy J.  CPA, PC

AIDS RESOURCE GROUP OF EVANSVILLE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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Member of American Institute of Certified Public Accountants and Indiana CPA Society

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-9
Supplementary Information	
Schedule of Federal and State Awards	10

INDEPENDENT AUDITOR'S REPORT

Board of Directors
AIDS Resource Group of Evansville, Inc.

We have audited the accompanying statements of the AIDS Resource Group of Evansville, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets-modified cash basis as of December 31, 2016, and the related statements of support, revenues, expenses, and changes in net assets- modified cash basis and functional expenses- modified cash basis for the year then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 misstatement 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of AIDS Resource Group of Evansville, Inc. as of December 31, 2016, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of federal and state awards on page 11 is presented for additional analysis as required by the state board of accounts. 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 to the audit of the financial statements and certain additional procedures, including comparing and recording such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Timothy J. Albright PC

Evansville, IN
October 17, 2017

AIDS Resource Group of Evansville, Inc.
Statement of Assets, Liabilities and Net Assets
Modified Cash Basis
December 31, 2016

ASSETS

Current Assets

Cash- Checking	\$ 29,525
Cash- Savings	184
Total Current Assets	<u>29,709</u>

Property & Equipment

Furniture and Equipment	25,965
Vehicles	36,145
Less Accumulated Depreciation	<u>(42,291)</u>
Total Property and Equipment	<u>19,820</u>

Total Assets	<u><u>\$ 49,529</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities	\$ -
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Net Assets- Unrestricted	<u>49,529</u>
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Total Liabilities and Net Assets	<u><u>\$ 49,529</u></u>
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AIDS Resource of Evansville, Inc.
Statement of Support, Revenues and Expenses
Modified Cash Basis
For The Year Ended December 31, 2016

SUPPORT AND REVENUE

Federal Grant Funds	\$ 284,082
State Grant Funds	271,256
Other Grants	45,365
Contributions	9,364
In-kind Contributions	15,500
Fundraising	19,915
Interest	6
Other	<u>2,103</u>
 Total Support and Revenue	 <u>647,591</u>

EXPENSES

Program Services	537,996
Management and General	62,473
Fundraising	<u>22,080</u>
 Total Expenses	 <u>622,550</u>

CHANGE IN NET ASSETS 25,041

NET ASSETS- beginning of year 24,488

NET ASSETS- end of year \$ 49,529

AIDS Resource Group of Evansville, Inc.
Statement of Functional Expenses
Modified Cash Basis
For The Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 305,157	\$ 35,901	\$ 17,950	\$ 359,009
Payroll Taxes	24,291	2,858	1,429	28,578
Employee Benefits	10,458	1,230	615	12,303
Program Expenses	127,384	-	-	127,384
Harm Reduction Expenses	2,722	-	-	2,722
Prevention Supplies	6,015	-	-	6,015
Rent	16,177	1,797	-	17,974
Depreciation	-	7,609	-	7,609
Equipmental Rental	1,661	1,661	-	3,323
Fundraising Events	-	-	1,613	1,613
Insurance	9,198	6,132	-	15,330
Professional Fees	3,528	392	-	3,920
Travel	5,622	625	-	6,247
Office Supplies	5,076	597	299	5,971
Postage & Shipping	2,957	348	174	3,479
Dues, Subscriptions, and Fees	-	1,016	-	1,016
Education & Training	1,602	178	-	1,780
Advertising	10,055	-	-	10,055
Telecommunications	6,093	677	-	6,770
Miscellaneous	-	1,452	-	1,452
	<u>\$ 537,996</u>	<u>\$ 62,473</u>	<u>\$ 22,080</u>	<u>\$ 622,550</u>

See notes to financial statements

AIDS Resource Group of Evansville, Inc.
Notes to Financial Statements
December 31, 2016

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

The AIDS Resource Group of Evansville, Inc. was founded in 1991 and is an Indiana Not-For-Profit Corporation located in Evansville, Indiana. The organization receives approximately 57% of its funding from the state of Indiana through various grants. The funds received are used to provide free services directed toward preventing or slowing the spread of HIV/AIDS and to providing social services to individuals living with HIV/AIDS. The Organization serves an 11 county area in Southwestern Indiana.

Basis of Accounting

The Organization prepares its financial statements on the modified cash basis of accounting; consequently, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include recording depreciation on property and equipment and recording donated property at fair market value. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Basis of Presentation

Financial presentation follows the U.S. generally accepted accounting principles promulgated by the Financial Accounting Standards Board. Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted assets, temporarily restricted assets, and permanently restricted net assets.

Income Taxes

The Organization is recognized as a non-profit organization, under Section 501(c)(3) of the Internal Revenue Code, by both federal and state taxing authorities and is exempt from income taxes. The Organization has been determined to not be a private foundation. The Organization is not aware of any activities that would jeopardize its tax exempt status.

Property and Equipment

Property and equipment, if purchased, are recorded at cost, and if donated, are recorded at fair market value at the date of donation. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets. The cost of repairs, maintenance and replacements, which do not significantly improve or extend the life of the respective assets, are charged to expense as incurred. During the year ended December 31, 2016, the Organization received \$15,500 donated vehicle.

Estimates

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

AIDS Resource Group of Evansville, Inc.
Notes to Financial Statements
December 31, 2016

NOTE 2 – LEASE AGREEMENTS

On November 18, 2014, the Organization entered into a sixty-month lease beginning February 1, 2015 to lease office space. The lease was extended for an additional two year period beginning February 1, 2017 and ending January 31, 2019. Total rent expense for the years ended December 31, 2016 was \$17,974. Future minimum annual lease payments are as follows:

Years Ending December 31,

2017	\$ 15,283
2018	17,627
2019	<u>1,476</u>
	\$ <u>34,386</u>

NOTE 3 – FUNCTIONAL ALLOCATION OF 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 costs have been estimated and allocated among the programs and supporting services.

NOTE 4- RETIREMENT PLAN

The Organization has established a (SIMPLE IRA) retirement plan. Under the plan, employees may contribute up to \$12,500 (\$15,500 for employees who will be at least fifty by the end of the year) of their pre-tax compensation and the Organization will match up to 3% of each participating employee's pretax contribution. Plan expenses incurred for the years ended December 31, 2016 was \$7,706.

NOTE 5 – VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization is substantially funded by various grants awarded by the federal government and by the State of Indiana. The majority of the grants contain provisions, which permit the grants to be terminated if the funds reduced if the unit of government does not appropriate an adequate amount of funds to maintain the present funding levels. Any excess funds on hand from federal and state grants at termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants. Such changes may occur with little notice.

AIDS Resource Group of Evansville, Inc.
Notes to Financial Statements
December 31, 2016

NOTE 6 – PROGRAM INFORMATION

The Organization receives various grants that provide funds to meet the individual Program objectives. The Programs the Company administers are as follows:

Care Coordination

ARG has been providing HIV Care Coordination services to its southwestern Indiana region since 1991. The program is funded by the Indiana State Department of Health and was created through an initiative to better health outcomes for people living with HIV/AIDS. HIV Care Coordination is specialized case management for persons living with HIV/AIDS. Each client is assigned a Care Coordinator upon intake and will continue to work with that individual to access benefits such as SSI/SSDI, medical coverage (Indiana Comprehensive or Medicaid/Medicare), food stamps, medical care, job referrals, dental care, transportation, housing assistance and other necessary referrals. Each case manager is specially trained to provide quality case Management services to all ARG clients. All Care Coordination services are free of charge and available to person with proof of HIV status (Care Coordinators can help in retrieving this information) and a valid Indiana ID Card or driver's license.

The Company's receives various grants that provide funds to meet the individual Program objectives. The Programs the Company administers are as follows:

SPSP

The Special Populations Support Program is funded by the Indiana State Department of Health and encourages those at-risk for and infected with HIV with concurrent substance abuse issues to improve health outcomes through risk and harm reduction techniques. This program has two components, as outlined below.

HIV Testing and Counseling: The HIV Testing Counselor provides HIV and Hepatitis testing to individuals that have risk factors associated with substance use (past and present). The Testing Counselor works with substance abuse treatment facilities and facilities within the Department of Corrections (state and local) to access participants. Basic HIV and STD information is provided to participants.

Supportive Care: the Supportive Care Counselor provides substance abuse counseling to people living with HIV/AIDS. Although enrollment in Care Coordination is highly encouraged, it is not mandatory. The Supportive Care counselor utilizes the Stages of Change Theory and harm reduction methods to assist motivated clients to reduce drug and alcohol use. Tobacco cessation courses are also provided. Support groups are available.

AIDS Resource Group of Evansville, Inc.
Notes to Financial Statements
December 31, 2016

CTR

ARG is funded by the Indiana State Department of Health to provide HIV pre and post-test counseling services to those at-risk for HIV in southwestern Indiana. Currently, ARG targets populations at greater risk for HIV including African-American females, homeless individuals and men who have sex with men (MSM). However, those with identified risk-factors may come in for a test regardless of population. All testing services are free of charge.

CRCS

CRCS is funded by the Indiana State Department of Health and provides client-centered, one-on-one counseling with the purpose of managing and reducing risk factors for transmitting HIV through goal setting and behavioral changes. Individuals who are newly diagnosed with HIV, recently getting back into care or non-HIV individuals with increased risk factors are recruited for this program internally and through community referrals. Sessions are conducted weekly beginning with an initial assessment and are guided by that assessment through the duration of the program. CRCS services typically last from three to twelve weeks, with some continuing up to one year. A voluntary support group is available for participants who complete the program and mentoring is available to new participants upon intake.

HOPWA

Housing Opportunities for Persons with AIDS (HOPWA) funding is granted to ARG through the Indiana Housing and Community Development Authority. Eligible clients who are enrolled with the Housing Specialist may receive housing assistance through the HOPWA program. Potentially eligible clients must be referred to the program by an ARG case management program and clients must enroll in Care Coordination to remain eligible. Case management services are provided by the Housing Specialist and include the development of an individualized housing plan, budgeting and removal of barriers to stable housing. Short-term assistance provides financial support for rent, mortgage or utilities. Long-term assistance provides financial support for those with significant financial barriers for up to two years of rent. Participant pays approximately 30% of their income toward their rent. Housing Placement assistance helps to remove barriers toward housing by covering deposits, application fees and first month's rent to eligible clients. This program can only be utilized one time per client. Short-term Supportive Housing provide funds to clients in emergent situation for up to 60 days. Funding is extremely limited and reviewed on a case to case basis.

NOTE 7- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through October 17, 2017, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.

SUPPLEMENTARY INFORMATION

AIDS Resource Group of Evansville, Inc.
Schedule of Federal & State Awards
For the Year Ended December 31, 2016

	<u>Beginning Balance</u>	<u>Award</u>	<u>Disbursements</u>	<u>Ending Balance</u>
FEDERAL				
IHCDA- HOPWA (07/01/15 to 06/30/16)	\$ 99,374	\$ -	\$ (99,374)	\$ -
IHCDA- HOPWA (07/01/16 to 06/30/17)	\$ -	\$ 176,935	\$ (86,243)	\$ 90,692
ISDH Prevention- CTR (01/01/16 to 12/31/16)	\$ -	\$ 45,000	\$ (44,930)	\$ 70
ISDH Prevention- CRCS (01/01/16 to 12/31/16)	\$ -	\$ 40,000	\$ (40,000)	\$ -
STATE				
ISDH Care Coordination- (07/01/15 to 06/30/16)	\$ 91,060	\$ -	\$ (90,534)	\$ 526
ISDH Care Coordination- (07/01/16 to 06/30/17)	\$ -	\$ 200,660	\$ (94,818)	\$ 105,842
ISDH Special Populations- SPSP (07/01/15 to 06/30/16)	\$ 52,306	\$ -	\$ (44,730)	\$ 7,576
ISDH Special Populations- SPSP (07/01/16 to 06/30/17)	\$ -	\$ 90,000	\$ (44,022)	\$ 45,978

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Schedule is reported on the accrual basis of accounting which is different than the financial statements which are presented on the modified cash basis of accounting.