

SOUTHERN ARIZONA AIDS FOUNDATION
(a not-for-profit organization)
SINGLE AUDIT REPORT AND SCHEDULE
OF EXPENDITURES OF FEDERAL
AND OTHER GOVERNMENTAL AWARDS
Year ended June 30, 2018



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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 Trustees
Southern Arizona AIDS Foundation
Tucson, Arizona

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 Southern Arizona AIDS Foundation and its subsidiaries (a not-for-profit organization) (collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and changes in net assets, 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 March 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R&A CPA
a Professional Corporation

Tucson, Arizona
March 29, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Southern Arizona AIDS Foundation
Tucson, Arizona

Report on Compliance for Each Major Federal Program

We have audited Southern Arizona AIDS Foundation and its subsidiaries' (a not-for-profit organization) (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization'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 applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Southern Arizona AIDS Foundation 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, 2018.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing

our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Southern Arizona AIDS Foundation and its subsidiaries as of and for the year ended June 30, 2018, and have issued our report thereon dated March 29, 2019 which contained an unmodified 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 the Uniform Guidance 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

R&A CPA
A Professional Corporation

Tucson, Arizona
March 29, 2019

**SOUTHERN ARIZONA AIDS FOUNDATION
(a not-for-profit organization)**

June 30, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|---|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified, which are not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards Section

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified, which are not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed, which are required to be reported in accordance with section 2 CFR 200.516(a)? | No |
| 4. Identification of major programs: | |

CFDA Number(s)	Name of Federal Program
14.235	Supportive Housing Program
93.917	HIV Care Formula Grants

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

**SOUTHERN ARIZONA AIDS FOUNDATION
(a not-for-profit organization)**

June 30, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

PART II – FINANCIAL STATEMENT AUDIT

This section identifies significant deficiencies, material weaknesses, and instances of fraud, illegal acts, violations of provision of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in the Uniform Guidance audit.

No findings were noted.

PART III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance including questioned costs, as well as any abuse involving federal awards that are material to a major program.

No findings were noted.

PART IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS

SOUTHERN ARIZONA AIDS FOUNDATION
(a not-for-profit organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS

Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Grantor/Pass-through grantor's number</u>	<u>Expenditures</u>		<u>Expenditures to subrecipients</u>
			<u>Federal</u>	<u>Other</u>	
<u>U.S. Department of Housing and Urban Development</u>					
<i>Passed through the City of Tucson:</i>					
Community Development Block Grant	14.218	18525	\$ 49,749		
<i>Passed through Pima County:</i>					
Community Development Block Grant	14.218	CT-CD-17-377	4,226		
Total CFDA 14.218			<u>53,975</u>		
<i>Passed through the City of Tucson:</i>					
Supportive Housing Program	14.225	18476	52,754		
Supportive Housing Program	14.225	18592	10,191		
Total CFDA 14.225			<u>62,945</u>		
<i>Direct:</i>					
Supportive Housing Program	14.235		87,295		
Supportive Housing Program	14.235		134,448		
Supportive Housing Program	14.235		64,302		
<i>Passed through Community Partnership of Southern Arizona:</i>					
Supportive Housing Program	14.235	SAAFPB13	301,600		
Supportive Housing Program	14.235	SAAFPB18	64,704		
<i>Passed through the City of Tucson:</i>					
Supportive Housing Program	14.235	18508	203,296		
Supportive Housing Program	14.235	18620	47,151		
Total CFDA 14.235			<u>902,796</u>		
<i>Passed through the City of Tucson:</i>					
Housing Opportunities for Persons with AIDS	14.241	18294	2,918		
Housing Opportunities for Persons with AIDS	14.241	18484	403,590		
<i>Passed through Pima County:</i>					
Housing Opportunities for Persons with AIDS	14.241	CT-CD18*176	427,349		
Total CFDA 14.241			<u>833,857</u>		
<i>Passed through the City of Tucson:</i>					
Homeless Emergency Solution	14.267	18436	35,636		
<u>U.S. Department of Health and Human Services</u>					
<i>Passed through Arizona Department of Health Services:</i>					
Injury Prevention and Control Research and State and Community Based Programs	93.136	ADHS15-087981	158,761		
<i>Direct:</i>					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		263,485	\$	68,004
<i>Passed through CODAC:</i>					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	MAI02	165,914		
<i>Passed through Southwest Institute for Research on Women:</i>					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	PO252051	14,492		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	TI-17-011	54,634		
<i>Passed through Pima County Community College:</i>					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	MOU AP3	101,104		
Total CFDA 93.243			<u>599,629</u>		<u>68,004</u>

SOUTHERN ARIZONA AIDS FOUNDATION
(a not-for-profit organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS - *CONTINUED*

Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Grantor/Pass-through grantor's number</u>	<u>Expenditures</u>	<u>Expenditures to</u>
			<u>Federal</u>	<u>Other</u>
				<u>subrecipients</u>
<u>U.S. Department of Health and Human Services (continued)</u>				
<i>Passed through Pima Prevention Partnership:</i>				
Tobacco Cessation for Disparate Populations	93.305	77043-YFS/PPP SAAF-002	\$ 22,950	
Tobacco Cessation for Disparate Populations	93.305	4006-YFS/PPP SAAF-002	<u>57,403</u>	
Total CFDA 93.305			<u>80,353</u>	
<i>Passed through Pima County Community Services:</i>				
Community Services Block Grant	93.569	CT-CS-18*024	<u>24,772</u>	
<i>Passed through Arizona Department of Health Services:</i>				
HIV Care Formula Grants	93.917	ADHS12-029328	1,126,998	
HIV Care Formula Grants	93.917	ADHS13-050869	<u>5,763,223</u>	
Total CFDA 93.917			<u>6,890,221</u>	
<i>Passed through Pima County Health Department:</i>				
HIV Prevention Activities - Health Department Based	93.940	CT-HD-13*515	40,693	
HIV Prevention Activities - Health Department Based	93.940	CT-HD-18-208	40,353	
HIV Prevention Activities - Health Department Based	93.940	ADHS 18-203682	<u>76</u>	
Total CFDA 93.940			<u>81,122</u>	
<i>Passed through Cenpatico:</i>				
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	Prevention: HIV	31,489	
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	Prevention	<u>130,000</u>	
Total CFDA 93.959			<u>161,489</u>	
<i>Passed through Southwest Center for HIV/AIDS:</i>				
Centers for Disease Control and Prevention - High Impact HIV Prevention Activities	93.939	Subcontract	<u>48,425</u>	
<u>U.S. Department of Justice</u>				
<i>Passed through Arizona Department of Public Safety:</i>				
Crime Victim Assistance	16.575	2015-456	20,032	
Crime Victim Assistance	16.575	2015-457	24,703	
Crime Victim Assistance	16.575	2018-337	<u>56,613</u>	
Total CFDA 16.575			<u>101,348</u>	
<i>Passed through Governor's Office:</i>				
Violence Against Women Formula Grants	16.588	ST-WSG-15-010115-20Y3	6,733	
Violence Against Women Formula Grants	16.588	ST-VS-18-010118-10	<u>2,200</u>	
Total CFDA 16.588			<u>8,933</u>	
<i>Direct:</i>				
Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	16.736		<u>75,870</u>	<u>\$ 7,832</u>
<i>Passed through Emerge Center Against Domestic Abuse:</i>				
Address Children and Youth Experiencing Domestic and Sexual Assault and Engage Men and Boys as Allies	16.888	MOU	<u>294</u>	

SOUTHERN ARIZONA AIDS FOUNDATION
(a not-for-profit organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS - *CONTINUED*

Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Grantor/Pass-through grantor's number</u>	<u>Expenditures</u>		<u>Expenditures to subrecipients</u>
			<u>Federal</u>	<u>Other</u>	
<u>Other Governmental Awards</u>					
<i>Arizona Criminal Justice Commission:</i>					
Victim Assistance Grant Funds	N/A	VA-17-091		\$ 4,948	
<i>Pima County:</i>					
Food, Nutrition, and Basic Needs Services for Low Income					
People Living with HIV/AIDS	N/A	CT-CD16*370		99,030	
ALLY Project	N/A	CT-CD16*370		37,824	
Eon Project	N/A	CT-CD16*370		24,814	
Anti Violence Project	N/A	CT-CD16*370		23,400	
			<u>\$ 10,120,426</u>	<u>\$ 190,016</u>	<u>\$ 75,836</u>

SOUTHERN ARIZONA AIDS FOUNDATION
(a not-for-profit organization)

June 30, 2018

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Southern Arizona AIDS Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the audit requirement of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, basic financial statements.

2. 10% de Minimis Indirect Cost Rate

The Organization has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

3. Summary of Federal Expenditures by CFDA Number

The following table summarizes the federal expenditures reported in the schedule by CFDA number:

<u>CFDA</u> <u>Number:</u>	<u>Description:</u>	<u>Amount Expended:</u>
14.218	Community Development Block Grant	\$ 53,975
14.225	Supportive Housing Program	62,945
14.235	Supportive Housing Program	902,796
14.241	Housing Opportunities for Persons with AIDS	833,857
14.267	Homeless Emergency Solution	35,636
16.575	Crime Victim Assistance	101,348
16.588	Violence Against Women Formula Grants	8,933
16.736	Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	75,870
16.888	Address Children and Youth Experiencing Domestic and Sexual Assault and Engage Men and Boys as Allies	294
93.136	Injury Prevention and Control Research and State and Community Based Programs	158,761
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	599,629
93.305	Tobacco Cessation for Disparate Populations	80,353
93.569	Community Services Block Grant	24,772
93.917	HIV Care Formula Grants	6,890,221
93.939	Centers for Disease Control and Prevention – High Impact HIV Prevention Activities	48,425
93.940	HIV Prevention Activities - Health Department Based	81,122
93.959	Block Grants for the Prevention and Treatment of Substance Abuse	161,489
	<i>Total</i>	<u><u>\$ 10,120,426</u></u>