

R&A CPAs

A PROFESSIONAL CORPORATION

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, 2022

## CONTENTS

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 <i>Government Auditing Standards</i> .....	1
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 .....	3
Schedule of Findings and Questioned Costs .....	6
Schedule of Expenditures of Federal Awards and Other Governmental Awards .....	8
Notes to Schedule of Expenditures of Federal and Other Governmental Awards .....	10
Note A. Basis of Presentation .....	10
Note B. 10% de Minimis Indirect Cost Rate .....	10
Note C. Summary of Federal Expenditures by CFDA/Assistance Listing Number .....	10



**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  
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, 2022, 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 February 28, 2023.

**Report on 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") as a basis for designing 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 or significant deficiencies may exist that were not identified.

**Report on 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

February 28, 2023



**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**

**Opinion on Each Major Federal Program**

We have audited Southern Arizona AIDS Foundation's (a not-for-profit organization) (the "Organization") compliance with the types of compliance requirements identified subject to audit 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, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program**

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)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

**Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's

compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

## 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, 2022, and have issued our report thereon dated February 28, 2023, 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 and other governmental 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.

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.

*R&A CPA*

*A Professional Corporation*

Tucson, Arizona  
February 28, 2023

**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/Assistance Listing Number(s)	Name of Federal Program
93.917	HIV Care Formula Grants
93.686	Ending the HIV Epidemic: A plan for America

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

**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 AWARDS AND OTHER GOVERNMENTAL AWARDS**

Federal Grantor/Pass-through Grantor/Program Title	CFDA/ assistance listing number	Grantor / pass-through grantor's number	Expenditures		Expenditures to subrecipients
			Federal	Other	
<b><u>U.S. Department of Housing and Urban Development</u></b>					
<i>Direct:</i>					
Supportive Housing Program	14.235		\$ 68,238		
<i>Passed through the City of Tucson:</i>					
Supportive Housing Program	14.235	19024	168,848		
Supportive Housing Program	14.235	19239	36,773		
<b>Total CFDA 14.235</b>			<b>273,859</b>		
<i>Passed through the City of Tucson:</i>					
Housing Opportunities for Persons with AIDS	14.241	18972	28,065		
Housing Opportunities for Persons with AIDS	14.241	19043	611,393		
Housing Opportunities for Persons with AIDS	14.241	513-20	20,019		
Housing Opportunities for Persons with AIDS	14.241	509-21	20,415		
Housing Opportunities for Persons with AIDS	14.241	512-20	2,648		
Housing Opportunities for Persons with AIDS	14.241	508-21	24,126		
<i>Passed through Pima County:</i>					
Housing Opportunities for Persons with AIDS	14.241	CT-CR-21-203	397,849		
COVID- 19 Housing Opportunities for Persons with AIDS	14.241	CT-CD-21-210	60,320		
<b>Total CFDA 14.241</b>			<b>1,164,835</b>		
<i>Direct:</i>					
Continuum of Care Program	14.267		36,240		
Continuum of Care Program	14.267		118,756		
<b>Total CFDA 14.267</b>			<b>154,996</b>		
<i>Passed through Old Pueblo Community Services:</i>					
Youth Homelessness Demonstration Program	14.276	AZ0218Y9T011800	81,648		
<i>Passed through the City of Tucson:</i>					
Emergency Solutions Grant Program	14.231	18807	11,411		
<i>Passed through the City of Tucson:</i>					
Community Development Block Grant	14.218	18844	65,187		
<b><u>U.S. Department of Health and Human Services</u></b>					
<i>Passed through Arizona Department of Health Services:</i>					
Injury Prevention and Control Research and State and Community Based Programs	93.136	RFGA2020-02	132,409		
<i>Passed through Arizona Department of Health Services:</i>					
Public Health Block Grant	93.991	RFGA2020-02	26,584		
<i>Direct:</i>					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		91,750		
Substance Abuse and Mental Health Services -Alcohol & Nicotine Prevention for Youth	93.243		179,264		
<i>Passed through Southwest Institute for Research on Women:</i>					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	505268	45,930		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	429049	95,406		
<b>Total CFDA 93.243</b>			<b>412,350</b>		<b>-</b>

Federal Grantor/Pass-through Grantor/Program Title	CFDA/ assistance listing number	Grantor / pass-through grantor's number	Expenditures		Expenditures to subrecipients
			Federal	Other	
<b><u>U.S. Department of Health and Human Services (cont'd)</u></b>					
<i>Passed through Maricopa County Health Department:</i>					
Ending the HIV Epidemic	93.686	PHPQ21005	\$ 939,874		
<i>Passed through Maricopa County Health Department:</i>					
HIV Emergency Relief Project Grants	93.914	PHPQ21005	25,188		
<i>Passed through Pima County Community Services:</i>					
Community Services Block Grant	93.569	CT-CR-22-28	14,853		
<i>Passed through Sonoran Prevention Works:</i>					
Block Grants for the Prevention and Treatment of Substance Abuse	93.912	YH22-0005	15,669		
<i>Passed through Arizona Department of Health Services:</i>					
HIV Care Formula Grants	93.917	ADHS17-176629	796,656		
HIV Care Formula Grants	93.917	CTR045487	7,948		
HIV Care Formula Grants	93.917	ADHS18-205222	5,111,338		
<b>Total CFDA 93.917</b>			<b>5,915,942</b>		
<i>Direct:</i>					
HIV Prevention Activities - Non-Governmental Organization Based	93.939		334,980		88,968
<i>Passed through Pima County Health Department:</i>					
HIV Prevention Activities - Health Department Based	93.940	ADHS18-203682	428,889		
<i>Passed through Arizona Complete Health</i>					
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	Prev: HIV Early Intervention	31,489		
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	YH21-0003	120,283		
<b>Total CFDA 93.959</b>			<b>151,772</b>		
<b><u>U.S. Department of Justice</u></b>					
<i>Passed through Arizona Department of Public Safety:</i>					
Crime Victim Assistance	16.575	2020-198	93,400		
<i>Passed through Governor's Office:</i>					
Violence Against Women Formula Grants	16.588	ST-WESG-20-010121-20	35,018		
<i>Direct:</i>					
Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	16.736		130,762		
<b><u>U.S. Department of the Treasury</u></b>					
<i>Passed through the City of Tucson:</i>					
Arizona Department of Health CM & Counseling	21.027	411-22	26,856		
<b><u>Other Governmental Awards</u></b>					
<i>Pima County:</i>					
Living with HIV/AIDS	N/A	CT-CD-21-064		\$ 90,898	
ALLY Project	N/A	CT-CD-21-064		37,066	
Eon Project	N/A	CT-CD-21-064		26,038	
Anti Violence Project	N/A	CT-CD-21-064		23,868	
			<b>\$ 10,436,482</b>	<b>\$ 177,870</b>	<b>\$ 88,968</b>

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS

## NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Southern Arizona AIDS Foundation (the "Organization") 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.

## NOTE B. 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. The Organization utilizes an approved negotiated rate to recover indirect costs under the Uniform Guidance.

## NOTE C. SUMMARY OF FEDERAL EXPENDITURES BY CFDA/ASSISTANCE LISTING NUMBER

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

CFDA/ Assistance Listing Number:	Description:	Amount Expended:
14.218	Community Development Block Grant	\$ 65,187
14.231	Emergency Solutions Grant	11,411
14.235	Supportive Housing Program	273,859
14.241	Housing Opportunities for Persons with AIDS	1,164,835
14.267	Continuum of Care Program	154,996
14.276	Youth Homelessness Demonstration Program	81,648
16.575	Crime Victim Assistance	93,400
16.588	Violence Against Women Formula Grants	35,018
16.736	Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	130,762
21.027	Arizona Department of Housing CM and Counseling	26,856
93.136	Injury Prevention and Control Research and State and Community Based Programs	132,409
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	412,350
93.569	Community Services Block Grant	14,853
93.686	Ending the HIV Epidemic	939,874
93.912	Block Grants for the Prevention and Treatment of Substance Abuse	15,669
93.914	HIV Emergency Relief Project Grants	25,188
93.917	HIV Care Formula Grants	5,915,942
93.939	HIV Prevention Activities - Non-Governmental Organization Based	334,980
93.940	HIV Prevention Activities - Health Department Based	428,889
93.959	Block Grants for the Prevention and Treatment of Substance Abuse	151,772
93.991	Public Health Block Grant	26,584
	<b>Total</b>	<b>\$ 10,436,482</b>