

# **The Philadelphia Center**

## **Financial Statements**

**Year Ended May 31, 2015**

# **The Philadelphia Center**

## **Financial Statements**

**Year Ended May 31, 2015**

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## **Independent Auditor's Report**

To the Board of Directors  
The Philadelphia Center  
Shreveport, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of The Philadelphia Center (a nonprofit organization) (the "Center"), which comprise the statement of financial position as of May 31, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related summary of significant accounting policies and notes to 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 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 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 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, I 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.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Philadelphia Center as of May 31, 2015, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

My audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head on page 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, The Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2015 on my consideration of The Philadelphia Center's internal control over financial reporting and on my 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 my 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 Philadelphia Center's internal control over financial reporting and compliance.



Certified Public Accountant

Shreveport, Louisiana  
November 10, 2015

**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***

The Board of Directors  
The Philadelphia Center  
Shreveport, Louisiana

I 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 The Philadelphia Center (a nonprofit organization) (the "Center") as of and for the year ended May 31, 2015, and the related summary of significant accounting policies and notes to financial statements and have issued my report thereon dated November 10, 2015.

**Compliance**

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency,

or 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 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant

Shreveport, Louisiana  
November 10, 2015



**Independent Auditor's Report on Compliance  
for Each Major Program; Report on Internal Control Over  
Compliance and Report on Schedule of Expenditures of  
Federal Awards Required by OMB Circular A-133**

To the Board of Directors  
The Philadelphia Center  
Shreveport, Louisiana

**Report on Compliance for Each Major Federal Program**

I have audited The Philadelphia Center's (the "Center") 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 each of the Center's major federal programs for the year ended May 31, 2015. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibilities**

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

**Auditor's Responsibilities**

My responsibility is to express an opinion on the Center's compliance for each of the Center's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Center's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.



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

### **Opinion on Each Major Federal Program**

In my opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2015.

### **Internal Control Over Compliance**

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing my audit of compliance, I considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Center's internal control over compliance.

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

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

I have audited the financial statements of The Philadelphia Center as of and for the year ended May 31, 2015, and have issued my report thereon dated November 10, 2015, which contained an unmodified opinion on those financial statements. My 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 required by OMB Circular A-133 is presented for purposes of additional analysis and is not a required part of the basic 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 my opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Certified Public Accountant

Shreveport, Louisiana  
November 10, 2015

# The Philadelphia Center

## Statement of Financial Position

May 31,

2015

**Assets**

Cash and cash equivalents – unrestricted	\$ 265,570
Accounts receivable	
Contracts, contributions and grants (Note 1)	360,306
Other	2,808
Investment	25,000
Property and equipment (Note 2)	886,278
Other assets	4,155

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**Total Assets** \$1,544,117

**Liabilities and Net Assets**

Accounts payable	\$ 65,688
Unearned revenue	113,212
Accrued expenses	34,226
Total liabilities	213,126

Net assets -	
Unrestricted – undesignated	1,123,019
Unrestricted – board designated (Note 4)	34,572
Temporarily restricted (Note 4)	173,400
Total net assets	1,330,991

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**Total Liabilities and Net Assets** \$1,544,117

*See accompanying summary of accounting policies and notes to financial statements.*



# The Philadelphia Center

## Statement of Activities

Year Ended May 31,

2015

	Unrestricted	Temporarily Restricted	Total
<b>Support and revenues:</b>			
Governmental contracts	\$1,436,189	\$ -	\$1,436,189
340 B Drug Pricing Program	690,573	-	690,573
Grants	4,000	122,165	126,165
Fundraising	117,500	-	117,500
Contributions	33,549	11,450	44,999
Rental income	28,140	-	28,140
Miscellaneous	13,654	-	13,654
Interest	200	-	200
<b>Total support and revenues</b>	<b>2,323,805</b>	<b>133,615</b>	<b>2,457,420</b>
<b>Expenses:</b>			
Programs:			
Services	930,776	-	930,776
Mercy Center	388,795	-	388,795
Prevention	477,084	-	477,084
Housing	97,721	-	97,721
Management and general	217,322	-	217,322
<b>Total expenses</b>	<b>2,111,698</b>	<b>-</b>	<b>2,111,698</b>
Increase in net assets before reclassifications	212,107	133,615	345,722
Reclassifications-			
Net assets released from restrictions	220,861	(220,861)	-
Increase (decrease) in net assets	432,968	(87,246)	345,722
Net assets, beginning of year	724,623	260,646	985,269
<b>Net assets, end of year</b>	<b>\$1,157,591</b>	<b>\$ 173,400</b>	<b>\$1,330,991</b>

See accompanying summary of accounting policies and notes to financial statements.

# The Philadelphia Center

## Statement of Cash Flows

Year Ended May 31, 2015

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**Cash flows from operating activities:**

Increase in net assets	\$ 345,722
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation expense	40,206
Changes in operating assets and liabilities:	
Decrease in accounts receivable	140,048
Decrease in accounts payable	(59,976)
Increase in accrued expenses	9,620
Net cash provided by operating activities	475,620

**Cash flows from investing activities-**

Purchase of property and equipment	(320,988)
Increase in investment	(25,000)
Net cash used in investing activities	(345,988)

Net increase in cash 129,632

Cash at beginning of year 135,938

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Cash at end of year \$ 265,570

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*See accompanying summary of accounting policies and notes to financial statements.*

# The Philadelphia Center

## Statement of Functional Expenses

Year Ended May 31,

2015

	Programs				Management and General	Total
	Services	Mercy Center	Prevention	Housing		
<b>Payroll and benefits:</b>						
Salaries and wages	\$329,324	\$195,888	\$255,000	\$ 1,848	\$ 79,085	\$ 861,145
Payroll taxes	30,480	15,497	21,110	-	5,639	72,726
Employee benefits	17,481	12,326	19,232	8	27,483	76,530
<b>Total payroll and benefits</b>	<b>377,285</b>	<b>223,711</b>	<b>295,342</b>	<b>1,856</b>	<b>112,207</b>	<b>1,010,401</b>
<b>Other Expenses:</b>						
Advertising	126	-	401	10	292	829
Accounting and audit	13,611	6,631	9,772	349	4,537	34,900
Bank charges	-	-	-	-	1,827	1,827
Client services	44,130	9,092	16,092	-	87	69,401
Computer/IT Support	18,801	5,040	9,748	990	6,445	41,024
Depreciation	13,574	14,930	7,108	1,425	3,169	40,206
Education	2,084	927	408	-	313	3,732
Equipment rental	6,124	87	5,621	329	1,113	13,274
Food	13,774	27,922	-	-	-	41,696
Fundraising	-	-	-	-	37,124	37,124
Housing assistance	-	-	-	90,823	-	90,823
Insurance	22,793	25,830	19,937	336	6,267	75,163
Interest	-	-	-	-	31	31
Lab Fees	-	-	24,506	-	-	24,506
Medication	308,689	-	-	-	-	308,689
Meeting	11,007	1,191	10,027	7	7,009	29,241
Miscellaneous	1,792	1,700	1,782	-	4,086	9,360
Office supplies	5,189	3,004	6,476	53	5,560	20,282
Outside services	1,275	5,173	734	14	4,339	11,535
Postage	2,047	486	1,337	54	789	4,713
Prevention supplies	-	-	11,970	-	-	11,970
Occupancy	15,517	38,881	40,964	987	7,909	104,258
Repairs and maintenance	6,671	13,409	2,341	488	3,836	26,745
Transportation	44,733	10,454	377	-	15	55,579
Travel	21,554	217	11,991	-	10,367	44,129
Taxes and licenses	-	110	150	-	-	260
<b>Total other expenses</b>	<b>553,491</b>	<b>165,084</b>	<b>181,742</b>	<b>95,865</b>	<b>105,115</b>	<b>1,101,297</b>
<b>Total expenses</b>	<b>\$930,776</b>	<b>\$388,795</b>	<b>\$477,084</b>	<b>\$97,721</b>	<b>\$217,322</b>	<b>\$2,111,698</b>

*See accompanying summary of accounting policies and notes to financial statements.*



# The Philadelphia Center

## Summary of Significant Accounting Policies

### Nature of Activities

The Philadelphia Center (“The Center”) is a non-profit corporation organized under the laws of the State of Louisiana. The Center was formed June 22, 1990 and incorporated July 13, 2002 to respond to the presence of HIV/AIDS in northwest Louisiana by way of education, testing, counseling, and direct assistance.

The Center contracts with the U.S. and Louisiana Departments of Health and Hospitals (DHH) to provide Ryan White C.A.R.E. (P.L. 101-381) services in order to improve the quality and availability of care for low-income, uninsured and under-insured victims of HIV/AIDS, and their families, residing in Region 7 of Louisiana.

The Center is funded by monies received through the U.S. DHH Ryan White Title II, the U.S. Department of Housing and Urban Development (HUD), Office of Public Health, HIV/AIDS Programs (HAP), Housing Opportunities For People With AIDS (HOPWA), Medicaid, fundraising events and donations/grants from various individuals and foundations.

### Basis of Presentation

The Center follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets generally accepted accounting principles (“GAAP”) that the Center follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to GAAP issued by the FASB in the accompanying footnotes are to the FASB Accounting Standards Codification (“ASC”).

The Center’s financial statements have been prepared in accordance with standards of accounting and financial reporting under ASC 958, *Not-for Profit Entities* and the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*. Under this authoritative guidance, the Center is required to provide financial statements that are prepared to focus on the Center as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

# The Philadelphia Center

## Summary of Significant Accounting Policies

(Continued)

### Basis of Presentation-continued

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets are classified into one of the following categories:

*Unrestricted* - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. Restricted assets received and expended in the same year are classified as unrestricted.

*Temporarily Restricted* - Net assets whose use by the Center is subject to donor-imposed stipulations that can be fulfilled by actions of the Center pursuant to those stipulations or that expire through the passage of time.

*Permanently Restricted* - Net assets whose use by the Center is subject to donor-imposed stipulations that assets be maintained permanently by the Center. The donors of these assets permit the Center to use all or part of the investment return of these assets for continuing operations which may be subject to certain restrictions.

Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as transfers between the applicable classes of net assets. Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

### Revenue Recognition

**Contributions** - Unconditional promises to give are recognized as revenue when the gifts' underlying promises are received by the Center. Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets to a specific timeframe or a specific purpose. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



# The Philadelphia Center

## Summary of Significant Accounting Policies

(Continued)

### Revenue Recognition - continued

**Grants and Contracts** - The Center is funded through various grants, cost reimbursement and performance based contracts. The Center accounts for grants and contracts as exchange transactions. Revenue is recognized as an increase in the statement of activities as stipulated performance is executed, or as expenditures are incurred in accordance with applicable agreements under expenditure reimbursement contracts. A receivable is recorded to the extent contract revenue exceeds payment received; conversely, advances in excess of costs incurred are deferred and recognized as revenue when the related expense is incurred.

**340 B Drug Pricing Program** - As a qualifying not-for-profit, the Center is able to take advantage of the 340 B Drug Pricing Program. This program allows certain "safety net" health providers to purchase certain drugs to be provided to their clients at below the normal wholesale price. The pharmacists then dispense the drugs and receive payment from the patient's insurer. The Center then receives payment from the pharmacist equal to the pharmacist's sales price less an administrative fee. These funds are then used to pay for the purchase price of the drugs from the manufacturer and the Center retains the gross profit. For the year ended May 31, 2015, all 340B revenue came from one pharmacist.

**In-Kind Contributions** - Support arising from donated goods, property and services is recognized in the financial statements at its fair value. Donated services are recognized when the services are received, provided that they create or enhance non-financial assets, or require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Center also utilizes the services of volunteers to perform a variety of tasks that assist the Center. The fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.



# The Philadelphia Center

## Summary of Significant Accounting Policies

(Continued)

### Cash and Cash Equivalents

The Center's cash, as stated for cash flow purposes, consists of cash on hand and in demand deposits with financial institutions that is not permanently restricted or held for long-term investment purposes.

### Contracts and Grants Receivable

Contracts receivable consist of amounts due to the Center for qualified services provided under the provisions of government contracts on a fee-for-service basis and amounts due under the 340 B Drug Pricing Program.

### Allowance for Doubtful Accounts

An allowance for doubtful accounts has not been established as it is the Center's policy to use the direct write-off method for accounts that are deemed to be uncollectible. Use of this method does not result in a material difference from the valuation method required by GAAP. The carrying amount of contracts receivable approximates fair value.

### Property and Equipment

Property and equipment are stated at cost if purchased, or fair value at the date of donation if donated. Depreciation is calculated using the straight-line method over the useful lives of the assets.

Estimated useful lives by type of asset are estimated as follows:

Buildings	31 years
Furniture, fixtures and equipment	5-7 years
Vehicles	5 years

The Center's policy is to capitalize expenditures for property and equipment and donated property and equipment received that have a useful life greater than one year. Certain property and equipment purchased with grant funds may revert back to the funding agency if the program is closed or abandoned and proceeds from the sale of certain property could be returned to the granting agency. Repairs and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance for normal upkeep are expensed as incurred.

In accordance with ASC 360-10, Property, Plant and Equipment, the Center periodically reviews the carrying value of long-lived assets held and used for possible impairment when events and circumstances warrant such a review. For the year ended May 31, 2015, the Center did not experience any impairment losses on its long-lived assets.

# The Philadelphia Center

## Summary of Significant Accounting Policies

(Continued)

### Income Taxes

The Center is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization other than a private foundation.

The Center has adopted ASC 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Center's tax positions and concluded that the Center has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of ASC 740. In addition, management is not aware of any matters that would cause the Center to lose its tax-exempt status. The Centers tax filings for the years ended 2013 to 2015 remain open to examination by taxing authorities.

### Advertising and Marketing Costs

The Center expenses advertising and marketing costs as incurred. Advertising and marketing expense for the year ended May 31, 2015 totaled \$829.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include the useful lives of property and equipment, the valuation of unearned revenue, and donated services and goods.

### Compensated Absences

Employees with at least one year of service accrue personal leave time at a rate determined based on length of service. An employee is allowed to accumulate up to a maximum of 228 hours of leave. At the time of termination of employment, employees are entitled to receive payment for a percentage of their earned but unused leave, with the applicable percentage determined by length of employment.

Accordingly, an accrual has been made for accumulated personal leave as of May 31, 2015.

**The Philadelphia Center**  
**Summary of Significant Accounting Policies**  
*(Concluded)*

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**Functional  
Allocation of  
Expenses**

The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs supported.



# The Philadelphia Center

## Notes to Financial Statements

### 1. Contracts and Grants Receivable

Contracts and grants receivable as of May 31, 2015 consist of the following:

	<b>2015</b>
Ryan White Program	<b>\$ 76,254</b>
340 B Drug Pricing Program	<b>69,089</b>
HAP	<b>60,930</b>
HOPWA	<b>44,406</b>
Grants receivable	<b>32,000</b>
State of Louisiana	<b>26,262</b>
HUD	<b>18,999</b>
City of Shreveport	<b>9,000</b>
Other	<b>8,909</b>
Health Center Contracts	<b>8,837</b>
Wellness Center	<b>5,620</b>
Total contracts receivable	<b>\$360,306</b>

### 2. Property and Equipment

The major classifications of property and equipment as of May 31, 2015 were as follows:

	<b>2015</b>
Buildings	<b>\$ 896,558</b>
Furniture and fixtures	<b>100,436</b>
Computers and equipment	<b>82,552</b>
Vehicles	<b>36,092</b>
	<b>1,115,638</b>
Less accumulated depreciation	<b>(229,360)</b>
Property and equipment, net	<b>\$ 886,278</b>

Depreciation expense for property and equipment totaled \$40,206 for the year ended May 31, 2015.

# The Philadelphia Center

## Notes to Financial Statements

(Continued)

### 3. Line of Credit

The Center has a prime plus 3.25% (6.5% at May 31, 2015) revolving line of credit with a financial institution. A total of \$100,000 is available under the line of credit. At May 31, 2015, there were no borrowings against this line of credit.

### 4. Temporarily Restricted Assets

Temporarily restricted funds consist of the following at May 31, 2015:

	2015
Restricted for clinical programs	\$ 44,791
Restricted for prevention programs	36,957
Restricted for advocacy programs	43,185
Restricted for capital expenditures	17,688
Restricted for client services	25,316
Restricted for Memorial Garden	5,463
<b>Total temporarily restricted funds</b>	<b>\$173,400</b>
Unrestricted funds designated by the board of directors to be used for capital projects	<b>\$34,572</b>

### 5. Supplemental Cash Flow Information

Cash paid for interest during the year ended May 31, 2015 totaled \$31. There were no payments made for income taxes.

### 6. Concentrations of Credit Risk

A significant portion of the Center's revenue and receivables are from contracts with the Louisiana Department of Health and Hospitals (DHH). These contracts are administered by DHH under programs which are funded primarily by federal government grants. If federal funding levels for these programs are reduced, or if the contracts are not renewed, the impact on the Center could be severe.

Substantially all of the Center's cash accounts are held in one bank. At May 31, 2015, the collected bank balance held at that bank exceeded the Federal Depository Insurance limit by approximately \$77,000.

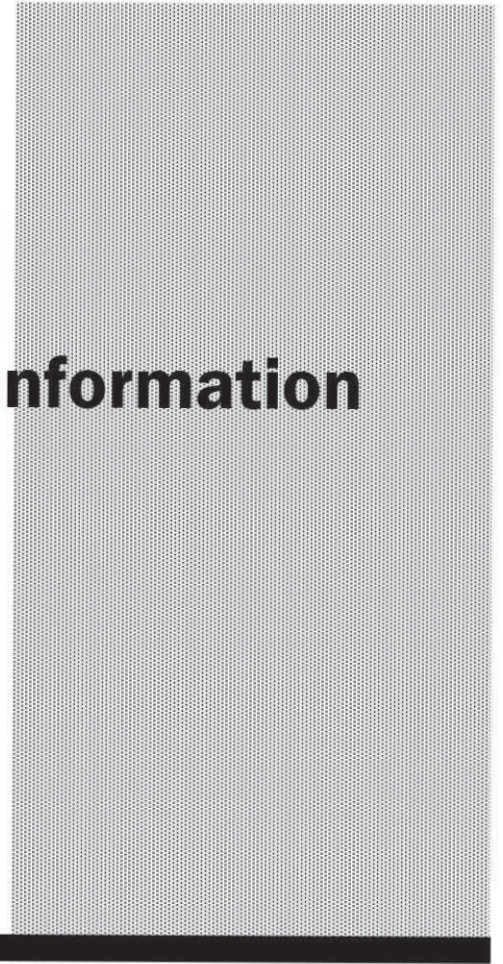
# The Philadelphia Center

## Notes to Financial Statements (Concluded)

- 7. Retirement Plan** The Center sponsors a defined contribution retirement plan pursuant to Section 403(b) of the Internal Revenue Code. Under the plan, employees may contribute a specified percentage for their salary, or a fixed dollar amount, to the plan. The Center may agree to make additional discretionary contributions on behalf of its employees. Discretionary contributions under the plan totaled \$4,689 during the year ended May 31, 2015.
- 8. Subsequent Events** The Center has evaluated events subsequent to May 31, 2015, through the date the financial statements were available to be issued, November 10, 2015.
- 9. Leases** The Center leases certain items of equipment under operating leases. Minimum rentals for leases with initial or remaining terms in excess of one year were as follows at May 31, 2015: 2016 - \$10,941; 2017 - \$10,941; 2018 - \$10,127 and 2019 - \$975. Total rental expense for the year ended May 31, 2015 amounted to \$13,274.
- 10. Investment** Investment comprises an investment in cash at TD Ameritrade to be used to purchase shares in a mutual fund. The fair market value of the funds at May 31, 2015 is \$25,000. As the investment was made at year end, no earnings were accrued on the account during 2015.
- 11. Commitments and Contingencies** In the normal course of business, the Center is subject to various claims, the effect of which management does not deem material to the financial statements of the Center.



# **Supplemental Information**



# The Philadelphia Center

## Schedule of Expenditures of Federal Awards Year Ended May 31, 2015

Federal Grantor / Pass-Through Grantor / Program Title	Service	Federal CFDA Number	Pass-Through Grantors' Number	Expenditures
<b>U.S. Department Of Health and Human Services</b>				
Passed through from the Louisiana Department of Health and Hospitals:				
Ryan White C.A.R.E. Act, Title II Funds, Region VII	Direct assistance, case management, volunteer services, advocacy, and consortium development services to improve quality of life for individuals and families living with HIV/AIDS	93.917	DHH-060171	\$ 436,499
HIV/AIDS Services	HIV/AIDS testing, counseling, and education	93.940	DHH-060063	47,137
HIV/AIDS Services	HIV/AIDS testing, counseling, and education	93.940	DHH-060057	72,979
HIV/AIDS Services	STD/HIV/AIDS/Pregnancy counseling and education for teens	93.940	DHH-059640	169,945
HIV/AIDS Services	HIV/AIDS testing, counseling, and education – Wellness Center	93.940	DHH-059992	42,620
<b>U.S. Department Of Health and Human Services</b>				
Passed through from Louisiana State University Health Science Center:				
HIV/AIDS Services	HIV Early Intervention Service Program	93.918	2H76HA00679-15	20,900
Passed through from Southern University Shreveport, Louisiana:				
HIV/AIDS Services	HIV Early Intervention Service Program	93.243	P0027100	23,046

(Continued).

# The Philadelphia Center

## Schedule of Expenditures of Federal Awards Year Ended May 31, 2015

(Concluded)

Federal Grantor / Pass-Through Grantor / Program Title	Service	Federal CFDA Number	Pass-Through Grantors' Number	Expenditures
<b>U.S. Department Of Housing and Urban Development</b>				
Passed through from the City of Shreveport, Louisiana:				
HOME Investment Partnership Program	Residential Assistance	14.239	2012 HDP-03	183,695
Department of Urban Development:				
Housing Opportunities for Persons With AIDS	Housing Assistance	14.241	DHH-060171	97,871
Housing Opportunities for Persons with AIDS	Residential Assistance	14.241	DHH-059914	162,924
HUD Shelter Program	Housing assistance	14.235	LA0040L6H021025	178,573
Total Federal Expenditures				<b>\$1,436,189</b>

**Note**

The above schedule of expenditures of federal awards includes the federal grant activity of the Center and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Centers*.



# The Philadelphia Center

## Schedule of Findings and Questioned Costs For the Year Ended May 31, 2015

### Section I: Summary of Auditor's Results:

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal Control Over Financial Reporting:

Are material weakness identified?  Yes  No

Are significant deficiencies that are not considered to be material weaknesses identified?  Yes  No

Is noncompliance that could have a material effect on the financial statements identified?  Yes  No

#### Federal Awards

Internal control over major programs:

Are material weaknesses identified?  Yes  No

Are significant deficiencies that are not considered to be material weaknesses identified?  Yes  No

Type of report issued on compliance with requirements applicable to each major program: Unmodified

Are there any audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133  Yes  No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA No.</u>
Ryan White Program	93.917
Housing Opportunities for People With AIDS	93.940

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Is the auditee identified as a low-risk auditee?  Yes  No

### Section II: Financial Statement Findings:

None

### Section III: Compliance:

None.

# The Philadelphia Center

## Schedule of Findings and Questioned Costs For the Year Ended May 31, 2015

*(Concluded)*

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### **Section IV: Federal Award Findings:**

None.

### **Section V: Illegal Acts:**

None.

# The Philadelphia Center

## Status of Prior Year Findings For the Year Ended May 31, 2014

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Finding Number	Condition Description	Status
2014-01	Questioned costs related to billing	Corrected

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# The Philadelphia Center

## Schedule of Compensation, Benefits and Other Payments to Agency Head

*Year Ended May 31, 2015*

Bret Malone , Executive Director

Salary	\$46,425
Benefits – insurance	4,214
Benefits – retirement	920
Deferred compensation contributions	-
Car allowance	-
Vehicle provided by organization	-
Parking	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	36
Registration fees	-
Conference travel	-
Education expenses	2,075
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	\$53,670