

**AIDS MINISTRIES – AIDS
ASSIST OF NORTH INDIANA, INC.
AND REFRESH F5, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2024

With Summarized Information for June 30, 2023

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Offices Located in Ft. Wayne and Marion Indiana

INDEPENDENT AUDITORS' REPORT

Board of Directors
AIDS Ministries-AIDS Assist of North Indiana, Inc.
and Refresh F5, Inc.
South Bend, Indiana

Opinion

We have audited the accompanying consolidated financial statements of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc. (nonprofit organizations) which comprise the consolidating statement of financial position as of June 30, 2024, and the related consolidating statements of activities and functional expenses and consolidated statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc. as of June 30, 2024, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc. and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited AIDS Ministries-AIDS Assist of North Indiana, Inc.'s 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2024 on our consideration of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s 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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s internal control over financial reporting and compliance.



Fort Wayne, Indiana
October 3, 2024

AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC. AND REFRESH F5, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2024 with Summarized Information for June 30, 2023

	AIDS Ministries	Refresh	Eliminations	2024 Total	2023 Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 116,168	\$ 63,579	\$ -	\$ 179,747	\$ 212,224
Accounts receivable	12,918	-	-	12,918	144
Grants and contributions receivable	445,873	67,222	-	513,095	460,167
Prepaid expenses	43,072	5,847	(12,205)	36,714	47,245
Due to/from	26,990	(26,990)	-	-	-
	645,021	109,658	(12,205)	742,474	719,780
LONG-TERM ASSETS					
Loan fees - net of amortization of \$1,327 (2024) and \$908 (2023)	769	-	-	769	1,188
Operating lease right-of-use assets	19,315	9,673	-	28,988	36,038
Financing lease right-of-use assets	22,342	-	-	22,342	29,397
PROPERTY AND EQUIPMENT					
Land	52,025	-	-	52,025	52,025
Office equipment	255,968	49,576	-	305,544	265,379
Vehicles	168,515	49,150	-	217,665	144,218
Buildings	1,609,886	-	-	1,609,886	1,467,291
Furniture and fixtures in housing units	16,948	-	-	16,948	6,376
Improvements	547,394	-	-	547,394	547,394
	2,650,736	98,726	-	2,749,462	2,482,683
Accumulated depreciation	1,145,617	26,200	-	1,171,817	1,033,345
	1,505,119	72,526	-	1,577,645	1,449,338
Net Property and Equipment	1,505,119	72,526	-	1,577,645	1,449,338
Total Long-Term Assets	1,547,545	82,199	-	1,629,744	1,515,961
Total Assets	\$ 2,192,566	\$ 191,857	\$ (12,205)	\$ 2,372,218	\$ 2,235,741

The accompanying notes are an integral part of these financial statements.

AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC. AND REFRESH F5, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2024 with Summarized Information for June 30, 2023

	AIDS Ministries	Refresh	Eliminations	2024 Total	2023 Total
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current portion of notes payable	\$ 13,601	\$ -	\$ -	\$ 13,601	\$ 22,225
Current portion of operating lease liabilities	6,054	6,000	-	12,054	12,014
Current portion of financing lease liabilities	7,680	-	-	7,680	7,680
Accrued payroll and liabilities	209,321	-	-	209,321	187,965
Accounts payable	68,767	17,645	-	86,412	74,112
Deferred revenue	-	12,205	(12,205)	-	-
Refundable advance	51,291	1,926	-	53,217	24,042
	<u>356,714</u>	<u>37,776</u>	<u>(12,205)</u>	<u>382,285</u>	<u>328,038</u>
Total Current Liabilities					
LONG-TERM LIABILITIES					
Notes payable	173,748	-	-	173,748	186,191
Operating lease liabilities	19,315	9,673	-	28,988	36,038
Financing lease liabilities	23,029	-	-	23,029	29,804
	<u>216,092</u>	<u>9,673</u>	<u>-</u>	<u>225,765</u>	<u>252,033</u>
Current portion	27,335	6,000	-	33,335	41,919
	<u>188,757</u>	<u>3,673</u>	<u>-</u>	<u>192,430</u>	<u>210,114</u>
Total Long-Term Liabilities					
Total Liabilities	545,471	41,449	(12,205)	574,715	538,152
NET ASSETS					
Without donor restrictions	1,612,749	148,919	-	1,761,668	1,654,281
With donor restrictions	34,346	1,489	-	35,835	43,308
	<u>1,647,095</u>	<u>150,408</u>	<u>-</u>	<u>1,797,503</u>	<u>1,697,589</u>
Total Net Assets					
Total Liabilities and Net Assets	<u>\$ 2,192,566</u>	<u>\$ 191,857</u>	<u>\$ (12,205)</u>	<u>\$ 2,372,218</u>	<u>\$ 2,235,741</u>

The accompanying notes are an integral part of these financial statements.

AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC. AND REFRESH F5, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2024 with Summarized
Information for the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	AIDS Ministries Total	Without Donor Restrictions	With Donor Restrictions	Refresh Total	Eliminations	2024 Total	2023 Total
CHANGE IN NET ASSETS									
Support and Revenues:									
Government grants - federal	\$ 2,783,275	\$ -	\$ 2,783,275	\$ 576,660	\$ -	\$ 576,660	\$ (371,615)	\$ 2,988,320	\$ 2,292,403
Contributed nonfinancial assets - federal	53,919	-	53,919	-	-	-	-	53,919	-
Government grants - state and local	84,555	-	84,555	7,076	-	7,076	(2,108)	89,523	99,175
Other grants	60,000	28,000	88,000	-	-	-	-	88,000	62,500
Contributions	17,448	-	17,448	100	-	100	-	17,548	31,281
Contributed nonfinancial assets	223	-	223	-	-	-	-	223	-
United Way	5,592	13,134	18,726	-	-	-	-	18,726	36,000
Special events:									
Proceeds	-	-	-	-	-	-	-	-	5,070
Less direct benefit to donors	-	-	-	-	-	-	-	-	(361)
Program fees	-	-	-	867	-	867	-	867	-
Rent income	39,367	-	39,367	-	-	-	(300)	39,067	31,362
Other income	2,245	-	2,245	425	-	425	-	2,670	243
Net Assets Released From Restrictions	<u>46,541</u>	<u>(46,541)</u>	<u>-</u>	<u>2,066</u>	<u>(2,066)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	3,093,165	(5,407)	3,087,758	587,194	(2,066)	585,128	(374,023)	3,298,863	2,557,673
Expenses and Losses:									
Client services	2,285,900	-	2,285,900	458,144	-	458,144	(373,813)	2,370,231	1,959,939
Preventative services	519,453	-	519,453	101,250	-	101,250	(210)	620,493	498,548
Management and general	198,709	-	198,709	9,516	-	9,516	-	208,225	163,773
Fundraising	-	-	-	-	-	-	-	-	485
Return of grant	-	-	-	-	-	-	-	-	100,000
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	7,422
Total Expenses and Losses	<u>3,004,062</u>	<u>-</u>	<u>3,004,062</u>	<u>568,910</u>	<u>-</u>	<u>568,910</u>	<u>(374,023)</u>	<u>3,198,949</u>	<u>2,730,167</u>
CHANGE IN NET ASSETS	89,103	(5,407)	83,696	18,284	(2,066)	16,218	-	99,914	(172,494)
REFRESH NET ASSETS - January 1, 2023	-	-	-	-	-	-	-	-	186,153
NET ASSETS - beginning of year	<u>1,523,646</u>	<u>39,753</u>	<u>1,563,399</u>	<u>130,635</u>	<u>3,555</u>	<u>134,190</u>	<u>-</u>	<u>1,697,589</u>	<u>1,683,930</u>
NET ASSETS - end of year	<u>\$ 1,612,749</u>	<u>\$ 34,346</u>	<u>\$ 1,647,095</u>	<u>\$ 148,919</u>	<u>\$ 1,489</u>	<u>\$ 150,408</u>	<u>\$ -</u>	<u>\$ 1,797,503</u>	<u>\$ 1,697,589</u>

The accompanying notes are an integral part of these financial statements.

AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC. AND REFRESH F5, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024 with Summarized
Information for the Year Ended June 30, 2023

	Program Services			AIDS	Program Services			Refresh		2024	2023
	Client Services	Preventative Services	Management and General	Ministries Total	Client Services	Preventative Services	Management and General	Total	Eliminations	Total	Total
Salaries	\$ 1,133,528	\$ 362,099	\$ 78,717	\$ 1,574,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,574,344	\$ 1,194,011
Employee benefits	79,924	25,531	5,550	111,005	-	-	-	-	-	111,005	93,652
Payroll taxes	84,637	27,037	5,878	117,552	-	-	-	-	-	117,552	90,087
Total Salaries and Related Expenses	1,298,089	414,667	90,145	1,802,901	-	-	-	-	-	1,802,901	1,377,750
Client assistance	563,835	9,993	-	573,828	22,184	-	-	22,184	-	596,012	558,609
Outside services	58,119	12,858	374	71,351	386,590	95,066	589	482,245	(365,769)	187,827	187,355
Building expenses	131,794	13,828	5,094	150,716	8,845	1,311	-	10,156	(4,956)	155,916	120,194
Travel	47,343	8,991	19,499	75,833	5,915	3,074	4,784	13,773	-	89,606	83,384
Office expense	35,020	7,384	2,359	44,763	11,630	1,157	337	13,124	(2,314)	55,573	40,095
Insurance	34,941	5,459	3,637	44,037	-	-	-	-	-	44,037	39,985
Legal and accounting	3,200	-	35,529	38,729	-	-	2,903	2,903	(868)	40,764	24,776
Telephone	17,164	5,547	-	22,711	1,630	442	-	2,072	(116)	24,667	19,677
Professional fees	-	-	18,065	18,065	27	-	-	27	-	18,092	12,442
Training	11,165	1,400	-	12,565	3,400	200	-	3,600	-	16,165	15,229
Interest	-	-	16,108	16,108	-	-	-	-	-	16,108	13,494
Postage	3,381	-	1,118	4,499	739	-	-	739	-	5,238	4,592
Miscellaneous	-	-	67	67	30	-	-	30	-	97	979
Total Expenses Before Depreciation and Amortization	2,204,051	480,127	191,995	2,876,173	440,990	101,250	8,613	550,853	(374,023)	3,053,003	2,498,561
Depreciation and amortization	81,849	39,326	6,714	127,889	17,154	-	903	18,057	-	145,946	124,184
Statement of Activities Functional Expenses	2,285,900	519,453	198,709	3,004,062	458,144	101,250	9,516	568,910	(374,023)	3,198,949	2,622,745
Expenses included in support and revenue: Direct benefit to donors	-	-	-	-	-	-	-	-	-	-	361
Total Functional Expenses	\$ 2,285,900	\$ 519,453	\$ 198,709	\$ 3,004,062	\$ 458,144	\$ 101,250	\$ 9,516	\$ 568,910	\$ (374,023)	\$ 3,198,949	\$ 2,623,106

The accompanying notes are an integral part of these financial statements.

AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC. AND REFRESH F5, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2024 with Summarized Information
for the Year Ended June 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 99,914	\$ (172,494)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Donated property and equipment	(53,919)	-
Depreciation	138,472	117,886
Amortization	7,474	6,298
(Gain) loss on disposal of property and equipment	-	7,422
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(12,774)	-
Grants and contributions receivable	(52,928)	(12,239)
Prepaid expenses	10,531	(12,011)
Increase (decrease) in:		
Accrued payroll and liabilities	21,356	99,240
Accounts payable	12,300	63,380
Refundable advance	29,175	24,042
Cash Flows From Operating Activities	199,601	121,524
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(212,860)	(156,792)
Refresh cash - January 1, 2023	-	121,937
Cash Flows From Investing Activities	(212,860)	(34,855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on financing leases	(6,775)	(5,472)
Payments on notes payable	(12,443)	(11,770)
Cash Flows From Financing Activities	(19,218)	(17,242)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,477)	69,427
CASH AND CASH EQUIVALENTS - beginning of year	212,224	142,797
CASH AND CASH EQUIVALENTS - end of year	\$ 179,747	\$ 212,224

The accompanying notes are an integral part of these financial statements.

**AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC.
AND REFRESH F5, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

AIDS Ministries-AIDS Assist of North Indiana, Inc.'s d/b/a Health Plus Indiana (AIDS Ministries) mission is to help create a world that supports and enhances the lives of people infected with and affected by HIV and AIDS. AIDS Ministries provides both client services and preventive services. Client services include care coordination, housing programs, social support, medical needs assessment, and provides direct assistance and support for those infected and/or affected by HIV/AIDS in northern Indiana. Prevention programs include education, a resource center, preventive educational services, testing, and counseling for members of the community.

Refresh F5, Inc. d/b/a Health Plus Clinic (Refresh) is a separate 501(c)(3) organization that exists to provide free testing to the community, community outreach, support and prevention for HIV.

Effective January 1, 2023, AIDS Ministries took control of Refresh's board of directors and as such, the consolidated financial statements for the year ended June 30, 2023 include six months of Refresh F5, Inc. and twelve months of AIDS Ministries activity. The consolidated financial statements for the year ended June 30, 2024 include twelve months of activity for both organizations. All significant balances and transactions between AIDS Ministries and Refresh have been eliminated in these financial statements.

Income Taxes

AIDS Ministries and Refresh are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and have been classified as organizations that are not private foundations under Section 509(a) of the Internal Revenue Code.

Recent Accounting Guidance

During 2024, the Organizations adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The ASU and its related amendments replace the previous expected credit loss methodology with a new incurred loss methodology. The new standard applies to financial instruments including, but not limited to, trade receivables. Under the new standard, organizations must consider historical information, current conditions and a reasonable forecast period when estimating credit loss. The adoption of the standard had no material impact on the Organizations' financial statements.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2023, the Organizations adopted ASU 2016-02, Leases (Topic 842), as required by U.S. GAAP. This ASU will require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The Organizations adopted this standard on July 1, 2022, and elected not to restate comparative periods in the period of adoption. The cumulative effect of initially applying the new standard resulted in the addition of \$2,134 of operating lease right-of-use assets and \$2,134 operating lease liabilities to the statement of financial position.

The Organizations elected the package of practical expedients and to not separate lease and nonlease components for all leases. The Organizations have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organizations consider all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Receivables

Grants receivable are due from government and other significant funding sources. The Organizations provide an allowance for doubtful accounts, if considered necessary, which is based on management's estimate of losses that will be incurred in the collection of all receivables.

Accounts receivable are stated at the amount of consideration from customers, of which the Organizations have an unconditional right to receive. Based on management's assessment of the credit history with payees having outstanding balances and current relationships with them, it has been concluded that credit losses on balances outstanding at year-end will be immaterial.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of the gift. The Organizations follow the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. Items with a cost in excess of \$1,000 and a useful life in excess of one year are capitalized.

Net Assets

Net assets without donor restrictions are available for use at the discretion of the Organizations' management and the board of directors. From time to time the board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organizations report gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If a donor restriction is satisfied in the period the gift is received, the support is reported as net assets without donor restrictions.

Revenue and Revenue Recognition

A portion of the Organizations' revenue is derived from cost-reimbursable federal, state and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organizations have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organizations recognize contributions as public support when cash, other assets or an unconditional promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Contributed nonfinancial assets are recognized as support and expense or property and equipment and are recorded at market value as of the date received. The Organization also receives substantial contributions of nonprofessional services. The fair market value of the donated nonprofessional services is not reflected in the financial statements because it does not meet the recognition criteria set forth in FASB ASC 958-605.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organizations record special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Rent income is recognized as revenue at the time building space is provided.

Other income is recognized as revenue when received.

Functional Allocation of Expense

The costs of providing the Organizations' programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated based on time and effort include salaries and related expenses. Expenses allocated based on square footage include building expenses, insurance, office expense, telephone, postage, and depreciation and amortization.

Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through October 3, 2024 the date which the financial statements were available for issue.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist primarily of amounts due under government cost reimbursement grants. All receivables are due within one year.

3. INVESTMENT

In July 2019, AIDS Ministries became a 50% owner of a new pharmacy created as a C-corporation. AIDS Ministries has no control over the pharmacy and therefore the equity method is not applied to the investment and its activity is not consolidated in these financial statements. The pharmacy, which operates on a calendar year, started operations in February 2020. AIDS Ministries' investment in the pharmacy will be valued based on the reporting entities measurement date (December 31) each year.

Per FASB ASC 321-10-35-2, if an equity security does not have a readily determinable fair value and does not qualify for the practical expedient to estimate fair value using net asset value in accordance with FASB ASC 820-10-35-59, a nonprofit may elect to measure that equity security at its cost minus impairment, if any. AIDS Ministries does not qualify for the practical expedient and has elected to measure the investment using the guidance in FASB ASC 321-10-35-2 and will reassess each year whether the investment qualifies to be measured in accordance with FASB ASC 321-10-35-2. AIDS Ministries has no cost in the investment as of the measurement date of December 31, 2023; therefore, no amount has been recorded at June 30, 2024 on the Organization's financial statements.

4. LEASES – RIGHT-OF-USE ASSETS AND LIABILITIES

The following leases related assets and liabilities are recorded on the consolidating statement of financial position as of June 30:

	2024	2023
Assets:		
Operating lease right-of-use assets	\$ 28,988	\$ 36,038
Financing lease right-of-use assets	<u>22,342</u>	<u>29,397</u>
	<u>\$ 51,330</u>	<u>\$ 65,435</u>
Liabilities:		
Operating lease liabilities	\$ 28,988	\$ 36,038
Financing lease liabilities	<u>23,029</u>	<u>29,804</u>
	<u>\$ 52,017</u>	<u>\$ 65,842</u>

(continued)

4. LEASES – RIGHT-OF-USE ASSETS AND LIABILITIES (continued)

The Organizations lease equipment under operating leases expiring through fiscal year 2029.

The Organizations will pay monthly payments of approximately \$501 with implied interest rates of 3.11% and 2.84%. Total rental expense under these leases was \$6,687 for 2024 and \$12,355 for 2023.

The Organizations lease facilities under an operating lease expiring in fiscal year 2026 with an option to renew for four additional three-year terms. The Organizations will pay monthly payments of \$500 with an implied interest rate of 3.83%. Total rental expense under the leases was \$6,000 for 2024 and \$2,000 for 2023.

Minimum future lease payments under noncancelable operating leases having initial or remaining terms of one year or more as of June 30, 2024 for each of the next five years and in the aggregate are:

2025	\$	12,054
2026		10,054
2027		6,054
2028		1,859
2029		510
2030 and thereafter		<u>-</u>
		30,531
Less imputed interest		<u>1,543</u>
Operating lease liabilities	\$	<u>28,988</u>
Weighted average remaining lease term		3.11 years
Weighted average discount rate		4.05%

The Organizations lease equipment under a financing lease that expires in fiscal year 2027. The Organizations will pay monthly payments of \$640 with an implied interest rate of 3.39%. Total interest expense charged to operations was \$906 in 2024 and \$927 in 2023.

(continued)

4. LEASES – RIGHT-OF-USE ASSETS AND LIABILITIES (continued)

Minimum future lease payments under noncancelable financing leases having initial or remaining terms of one year or more as of June 30, 2024 for each of the next five years and in the aggregate are:

2025	\$	7,680
2026		7,680
2027		7,680
2028		1,280
2029		-
2030 and thereafter		-
		<u>24,320</u>
Less imputed interest		<u>1,291</u>
Operating lease liabilities	\$	<u>23,029</u>
Weighted average remaining lease term		3.17 years
Weighted average discount rate		3.58%

5. LINE OF CREDIT

AIDS Ministries has available at June 30, 2024 a \$250,000 line of credit with First Source Bank. Interest, which is computed monthly on the unpaid balance, is at prime rate plus 2.00% (10.50% at June 30, 2024). The note, which is secured by all business assets of AIDs Ministries, expires in May 2025. There was no amount outstanding at June 30, 2024 on the line of credit.

The amount of interest charged to operations was \$5,141 in 2024 and \$1,776 in 2023.

6. NOTES PAYABLE

Notes payable consist of the following:

	2024	2023
Note payable to First Source Bank in monthly installments of \$1,638 including interest at 5.42%, secured by real estate, due May 1, 2026.	\$ 171,211	\$ 181,087
Note payable to Ally Bank in monthly installments of \$239 including interest at 7.79%, secured by a vehicle, due May 6, 2025.	<u>2,537</u>	<u>5,104</u>
	<u>\$ 173,748</u>	<u>\$ 186,191</u>

Maturities on the notes payable are as follows:

2025	\$ 13,601
2026	\$ 160,147

The amount of interest charged to operations was \$10,061 in 2024 and \$10,791 in 2023.

7. REFRESH

On January 1, 2023 AIDS Ministries took control of Refresh, a separate 501(c)(3) organization. As a result, \$186,153 of net assets without donor restrictions were added to the consolidated financial statements on January 1, 2023. In addition, the following assets were added.

Cash	\$ 121,937
Grants and contributions receivable	63,543
Property and equipment – net	<u>673</u>
	<u>\$ 186,153</u>

8. NET ASSETS

Net assets with donor restrictions are restricted for the following as of June 30:

	2024	2023
Time purpose:		
Future periods	\$ 7,500	\$ 7,500
Specific purpose:		
Direct emergency financial assistance	17,939	14,300
Direct emergency financial assistance		
– Refresh	1,283	1,936
COVID assistance	7,147	10,185
Team HEAT – heating utilities assistance	775	1,392
Other programs	641	1,276
Pantry	345	-
Adolescent champion model – Refresh	205	1,619
Innovation	<u>-</u>	<u>5,100</u>
	<u>\$ 35,835</u>	<u>\$ 43,308</u>

Net assets were released from donor restrictions as follows for the year ended June 30:

	2024	2023
Satisfaction of time restrictions:		
Future periods	\$ -	\$ 112,500
Satisfaction of purpose restrictions:		
Direct emergency financial assistance	20,602	11,181
Direct emergency financial assistance		
– Refresh	653	2,064
Team HEAT – heating utilities assistance	7,616	7,561
Other programs	8,081	2,596
Innovation	5,100	19,900
COVID assistance	3,038	518
Pantry	2,048	2,000
Adolescent champion model – Refresh	1,414	3,381

(continued)

8. NET ASSETS (continued)

	2024	2023
After care program	\$ 55	\$ 3,640
Family support	-	25,000
Doors and windows	-	10,000
Intern pay	<u>-</u>	<u>3,623</u>
	<u>\$ 48,607</u>	<u>\$ 203,964</u>

Net assets without donor restrictions include undesignated net assets of \$1,761,668 at June 30, 2024 and \$1,654,281 at June 30, 2023.

9. GOVERNMENT GRANTS – STATE AND LOCAL

The Organizations received the following state and local government grants during the year ended June 30.

	2024	2023
State of Indiana:		
Indiana Department of Health	\$ 84,523	\$ 99,175
Treasurer of Scott County, Indiana	<u>5,000</u>	<u>-</u>
	<u>\$ 89,523</u>	<u>\$ 99,175</u>

10. CONTRIBUTED NONFINANCIAL ASSETS

The Organizations recognized the following contributions of nonfinancial assets for the year ended June 30, 2024.

Vehicles	\$ 53,919
Client Services:	
Client assistance	<u>223</u>
	<u>\$ 54,142</u>

(continued)

10. CONTRIBUTED NONFINANCIAL ASSETS (continued)

The contributed vehicle was recorded at the invoice price from the vendor for the vehicle less the amount paid by the Organizations. AIDS Ministries received a grant from the U.S. Department of Transportation in the amount of \$53,919 for the direct payment of the vehicle. The vehicle is used by the Organizations for its programs.

Client assistance includes donated items for the pantry provided for clients valued at the fair market value of similar items.

11. RENT INCOME

AIDS Ministries collects rent on a month-to-month basis from clients living in the Organization's housing units. The monthly rent is not fixed for any properties and is calculated based on the clients' income levels. Total rental income recognized from these leases was \$18,067 for 2024 and \$12,162 for 2023.

AIDS Ministries also leases portions of its building to another organization under an operating lease expiring December 2028. Total rental income recognized from the lease was \$6,000 for 2024 and \$-0- for 2023.

In addition, AIDS Ministries receives rent in the amount of \$1,000 per month for facility space from the pharmacy, of which it is a 50% owner (Note 3), under a two-year operating lease. The operating lease expired June 2023 but has an option to renew for one additional term. A new lease was signed in August 2024 for an additional two-year period through June 30, 2026 for \$1,500 per month. Total rental income recognized from this lease was \$12,000 for 2024 and \$12,000 for 2023.

Minimum future lease payments under the noncancelable operating leases having initial or remaining terms of one year or more as of June 30, 2024 for each of the next five years and in the aggregate are:

2025	\$ 30,000
2026	30,000
2027	12,000
2028	12,000
2029	6,000
2030 and thereafter	<u>-</u>
	<u>\$ 90,000</u>

(continued)

11. RENT INCOME (continued)

AIDS Ministries also leases a portion of its building to other organizations under a year-to-year operating lease which ended in fiscal year 2024 and was not renewed. Total rental income recognized from this lease was \$3,000 for 2024 and \$7,200 for 2023.

12. PENSION PLAN

AIDS Ministries sponsors a defined contribution SIMPLE plan under Section 408(p) of the Internal Revenue Code. The plan covers any full-time employee who has passed their 90-day probationary period. AIDS Ministries matches up to 3% contributed by the employees. Contributions to the plan charged to operations were \$12,659 in 2024 and \$14,304 in 2023.

13. STATEMENT OF CASH FLOWS

Cash used in operating activities included interest paid of \$16,108 in 2024 and \$13,494 in 2023.

Non cash investing and financing activities include donated property and equipment in the amount of \$53,919 for the year ended June 30, 2024.

Noncash investing and financing activities also include the following Refresh balances as of January 1, 2023 as a result of AIDS Ministries taking control of Refresh.

Grants and contributions receivable	\$	63,543
Property and equipment – net	\$	673

14. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 comprise the following:

	2024	2023
Cash and cash equivalents	\$ 179,747	\$ 212,224
Accounts receivable	12,918	144
Grants and contributions receivable	<u>513,095</u>	<u>460,167</u>
Total financial assets	705,760	672,535

(continued)

14. AVAILABILITY AND LIQUIDITY (continued)

	2024	2023
Less net assets not available within one year:		
Net assets with donor restrictions:		
Specific purpose	\$ <u>(28,335)</u>	\$ <u>(35,808)</u>
Financial assets available to meet general expenditures within one year	\$ <u>677,425</u>	\$ <u>636,727</u>

In addition to financial assets available to meet general expenditures over the next year, the Organizations also receive monthly grant reimbursements that support the Organizations' general operations. Additionally, the Organization has available a line of credit that may be utilized.

15. CONCENTRATIONS

The Organizations receive substantial support from the federal government. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organizations' programs and activities. Claims for federally supported programs are filed and reimbursed on a monthly basis.

AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC. AND REFRESH F5, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Agency/ Pass-Through Agency/ Program Title	Assistance Listing Number	Agency or Pass-Through Number	Sub - Recipients	Revenue Recognized	Expenditures
U.S. Department of Agriculture: Community Facilities Grant	10.766	Unknown	\$ -	\$ 15,400	\$ -
U.S. Department of Housing and Urban Development: Passed through City of Elkhart, Indiana: Community Development Block Grant	14.218	Unknown	-	10,000	10,000
Passed through City of South Bend, Indiana: Emergency Shelter Operations and Rapid Rehousing Activities	14.231	22-JE-02	-	22,408	22,444
Passed through Indiana Housing and Community Development Authority: Housing Opportunities for Persons with AIDS (HOPWA)	14.241	CC-020-001-C	-	165,686	166,190
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	CC-022-001	-	323,827	323,827
		Subtotal 14.241	-	489,513	490,017
Continuum of Care Program	14.267	IN0174L5H022107	-	134,403	134,403
U.S. Department of the Treasury: Passed through Indiana State Department of Health: Coronavirus State Fiscal Recovery Funds (CSFRF)	21.027	23-1598	-	78,284	78,284
Coronavirus State Fiscal Recovery Funds (CSFRF)	21.027	000065943	-	216,088	227,612
Passed through The Health Foundation of Greater Indianapolis, Inc.: Hepatitis C Services Expansion	21.027	23-1608	-	76,438	76,438
		Subtotal 21.027	-	370,810	382,334
U.S. Department of Health and Human Services: Passed through National Foundation for the Centers For Disease Control and Prevention, Inc.: Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	41128	-	9,024	9,024

(continued)

See independent auditors' report.

AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Agency/ Pass-Through Agency/ Program Title	Assistance Listing Number	Agency or Pass-Through Number	Sub - Recipients	Revenue Recognized	Expenditures
(continued)					
U.S. Department of Health and Human Services:					
Passed through Indiana State Department of Health:					
HIV Care Formula/Ryan White Part B (Ryan White Part B Rebates)	93.917	00046850/ 00081447	\$ -	\$ 1,117,936	\$ 1,117,936
HIV Care Formula/Ryan White Part B (Integrated HIV Prevention and Surveillance)	93.917	23-1619	-	20,000	23,507
HIV Care Formula/Ryan White Part B (Integrated HIV Prevention and Surveillance)	93.917	00058356	-	193,885	193,885
Passed through Indiana AIDS Fund:					
HIV Care Formula/Ryan White Part B	93.917	23-1611	-	32,653	38,173
HIV Care Formula/Ryan White Part B (Region 2 Zero Is Possible (ZIP) Coalition)	93.917	23-1623	-	1,229	1,229
		Subtotal 93.917	-	1,365,703	1,374,730
Ryan White Part C Outpatient EIS Program	93.918	H7649237	-	326,142	326,142
Passed through Indiana State Department of Health:					
Integrated HIV Prevention and Surveillance	93.940	00072111	-	140,347	147,290
HIV Prevention Activities Health Department Based Program	93.940	00073066	-	54,849	54,849
		Subtotal 93.940	-	195,196	202,139
Passed through Indiana Family and Social Services Administration					
Substance Abuse Mental Health Services Administration (SAMHSA) Prevention and Treatment Bock Grants for COVID-19 Relief	93.959	00059137	-	49,721	49,721
Government Grants - Federal			-	2,988,320	3,000,954
U.S. Department of Transportation:					
Passed through Michiana Area Council of Governments Section 5310 Program	20.513	Unknown	-	53,919	53,919
Contributed Nonfinancial Assets - Federal			-	53,919	53,919
			<u>\$ -</u>	<u>\$ 3,042,239</u>	<u>\$ 3,054,873</u>

See independent auditors' report.

**AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC.
AND REFRESH F5, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2024**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the Organizations, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

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



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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 Directors
AIDS Ministries-AIDS Assist of North Indiana, Inc.
and Refresh F5, Inc.
South Bend, Indiana

We have audited, in accordance with the 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, the financial statements of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc. which comprise the consolidating statement of financial position as of June 30, 2024, and the related consolidating statements of activities and functional expenses and consolidated statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s internal control.

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

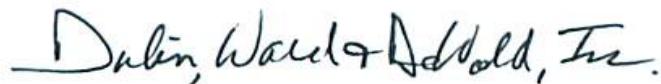
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



Fort Wayne, Indiana
October 3, 2024

Offices Located in Ft. Wayne and Marion Indiana

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
AIDS Ministries-AIDS Assist of North Indiana, Inc.
and Refresh F5, Inc.
South Bend, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s major federal programs for the year ended June 30, 2024. AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'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, AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc. 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, 2024.

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 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc. 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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'s 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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'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, misrepresentation, 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 judgement made by a reasonable user of the report on compliance about AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'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 judgement 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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'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 AIDS Ministries-AIDS Assist of North Indiana, Inc. and Refresh F5, Inc.'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 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 the internal control over compliance was for the limited purpose described in the Auditors' 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.

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Fort Wayne, Indiana
October 3, 2024

**AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC.
AND REFRESH F5, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2024**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

Type of report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes No

(continued)

**AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC.
AND REFRESH F5, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2024**

(continued)

Identification of Major Programs:

Assistance Listing Number

Name of Federal Program or Cluster

93.917

HIV CARE Formula Grants/Ryan White Part B

Dollar threshold used to distinguish between
type A and type B programs:

\$ 750,000

Auditee qualified as low-risk?

Yes No

Section II - Financial Statement Findings

No material weaknesses or instances of noncompliance noted.

Section III - Federal Award Findings and Questioned Costs

No material weaknesses or instances of noncompliance, including questioned costs noted.

**AIDS MINISTRIES-AIDS ASSIST OF NORTH INDIANA, INC.
AND REFRESH F5, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2024**

2023-001 Material Adjustment

Criteria: Management is responsible for preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: Insufficient controls over financial reporting. A material audit adjustment was required to prevent the financial statements from being materially misstated.

Cause: During fiscal year 2023, AIDS Ministries took control of the Refresh board of directors resulting in consolidated financial statements for the year ended June 30, 2023. The activity recorded for federal grants on Refresh's accounts were not recorded properly and thus material journal entries were required to correct the activity.

Effect: Could result in undetected errors and irregularities and misstated interim financial reports. The risk with this condition is that necessary adjustments to the financial statements to record material misstatements may be missed and there is no control in place to detect and correct this condition.

Questioned Costs: None noted.

Recommendation: Improve internal controls to prevent these types of adjustments. Ensure processes are in place to include all fiscal year activity for the year.

Status: This finding no longer exists.

