

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
REPORT ON THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017
AND SUPPLEMENTARY INFORMATION)

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
YEAR ENDED JUNE 30, 2018

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SINGLE AUDIT UNDER THE UNIFORM GUIDANCE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Iris House: A Center for Women Living with HIV, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Iris House: A Center for Women Living with HIV, Inc. (Iris House) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iris House as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Iris House's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses was presented for purposes of additional analysis and is not required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Jackson Friday CPA, LLC

New York, New York
March 07, 2019

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(With comparative figures for 2017)

ASSETS	2018	2017
<i>Current assets:</i>		
Cash and cash equivalents	\$ -	\$ -
Security deposits	135,181	84,166
Prepaid expenses	7,011	6,102
Contract and grant receivable	1,152,607	832,584
Medicaid/medicare receivable, net	72,455	151,039
Other receivable	454,800	389,170
<i>Total current assets</i>	1,822,054	1,463,061
<i>Property and equipment - net:</i>		
Building	701,873	773,505
Building improvements	42,079	48,607
Vehicles	129,834	-
Furniture and equipment	37,909	29,338
<i>Total property and equipment</i>	911,695	851,450
TOTAL ASSETS	\$ 2,733,749	\$ 2,314,511
LIABILITIES AND NET ASSETS		
<i>Current liabilities:</i>		
Accounts payable and accrued expenses	\$ 907,688	\$ 447,803
Payroll taxes payable	3,217	2,197
Loans payable/ line of credit	169,365	245,547
Contract advances	-	-
Due to landlord - client	19,829	19,829
<i>Total current liabilities</i>	1,100,099	715,376
<i>Net assets:</i>		
Unrestricted	1,585,164	1,494,017
Temporarily restricted	48,486	105,118
<i>Total net assets</i>	1,633,650	1,599,135
TOTAL LIABILITIES AND NET ASSETS	\$ 2,733,749	\$ 2,314,511

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

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(With comparative totals for 2017)

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Total	
			2018	2017
Corporations and foundations	\$ 138,605	\$ 100,000	\$ 238,605	\$ 280,546
Contract and grant revenue	4,674,987		4,674,987	4,060,132
DSRIP revenue - NYC	179,417		179,417	100,936
340B pharmacy revenue	123,608		123,608	156,943
Other contributions	43,662		43,662	28,801
Donated services and supplies	157,833		157,833	151,813
Special events	53,329		53,329	40,403
Program fees	190,894		190,894	202,879
Interest income	1		1	6
Other income	15,857		15,857	15,555
<i>Net assets released from restrictions:</i>				
Satisfaction of program restrictions	156,632	(156,632)	-	-
TOTAL SUPPORT AND REVENUE	5,734,825	(56,632)	5,678,193	5,038,014
EXPENSES:				
<i>Program activities:</i>				
Food and Nutrition Program	566,851		566,851	467,375
Scatter Site Housing Program	2,341,881		2,341,881	2,147,239
HIV Prevention Services	1,828,704		1,828,704	1,730,146
Other Programs	78,392		78,392	85,629
Total program expenses	4,815,828	-	4,815,828	4,430,389
<i>Support services:</i>				
General and administration	622,680		622,680	598,824
Fund-raising	205,170		205,170	306,931
TOTAL EXPENSES	5,643,678	-	5,643,678	5,336,144
<i>Change in net assets</i>	91,147	(56,632)	34,515	(298,130)
Net assets at beginning of the year	1,494,017	105,118	1,599,135	1,897,265
NET ASSETS AT END OF THE YEAR	\$ 1,585,164	\$ 48,486	\$ 1,633,650	\$ 1,599,135

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

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(With comparative figures for 2017)

CASH FLOWS FROM OPERATING ACTIVITIES	2018	2017
<i>Cash flows from operating activities:</i>		
<i>Change in net assets</i>	\$ 34,515	\$ (298,130)
Items not requiring cash - Depreciation and amortization	128,382	93,726
Decrease/(Increases) in security deposits	(51,015)	1,357
(Increase)/Decrease in prepaid expenses	(909)	8,834
(Increases)/Decrease in contract and grant receivable	(320,023)	(141,321)
(Increases)/Decrease in medicaid/medicare receivable	78,584	241,833
Increases in other receivable	(65,630)	(77,263)
Increase/(Decrease) in accounts payable and accruals	459,885	200,581
(Decrease)/Increases in contract advances	-	(1,887)
Increases/(Decrease) in payroll taxes payable	1,020	(5,276)
Increase/(Decrease) in due to landlord - client	-	-
Net cash provided by operations	264,809	22,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to furniture and equipment	(188,627)	-
Net cash used by investment and financing activities	(188,627)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Proceeds from loans payable/ line of credit	(76,182)	(22,454)
Net cash provided by financing activities	(76,182)	(22,454)
Change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ -	\$ -

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

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 1. ORGANIZATION AND OPERATIONS

Iris House: A Center for Women Living with HIV, Inc. (Iris House) is a community based organization incorporated on September 28, 1992, under the laws of the State of New York and thereafter, exempt from taxes under Section 501 (c) (3) of the Internal Revenue Code. Its primary mission is to provide social services for women, men and their families infected and affected by HIV/AIDS in a supportive and respectful environment.

Iris House provides a holistic approach to social services for persons with HIV/AIDS by offering:

- Food and nutrition services including nutritional counseling, food pantry bags and meals
- Prevention education, prevention case management and behavioral interventions
- Intense and less-intense case management including client advocacy, escorts, referrals to care, legal assistance and child case management
- Housing through apartments in NYC with case management services
- Supportive services including psychological therapy, support groups and health education

These services are provided through two locations in Central Harlem and Central Jersey.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Iris House have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to nonprofit organizations. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor's restriction.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Iris House reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Iris House reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Contributions Receivable

Unconditional contributions receivable are recognized as revenues in the period the pledge is received. Contributions receivable represent amounts committed by donors that have not been received by the organization.

Cash and Cash Equivalents

Cash equivalents represent money market funds and short-term instruments with maturity at the date of purchase of three months or less and are carried at cost, which approximates market value.

Contract Revenues

Support received under contracts with government and private foundations is recorded as public support in the unrestricted fund when the related direct costs are incurred or purpose accomplished. Reimbursement of indirect costs relating to such contributions and contracts is recorded as public support in the current unrestricted funds. Grants and contracts receivable represent amounts due for expenditures incurred or purposes accomplished prior to year end.

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures. However, certain indirect costs, primarily, administrative salaries and related general overhead expenses are allocated to various programs based on percentage of direct payroll hours.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Liquidity Information

In order to provide information about liquidity, assets have been sequenced according to their convertibility to cash and liabilities according to their estimated maturity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. DONATED GOODS AND SERVICES

Volunteers from the community have donated a significant number of hours in assisting Iris House in achieving the goals of its various service programs. Some organizations have also donated food to Iris House. Both donated services and goods are recognized as revenues and expenses in the statement of activities at estimated fair value at the date the services and goods were donated. The value of certain professional time and food supplies contributed by organizations and foundations are reflected in the financial statements in 2018 and 2017, respectively as follows:

	<u>2018</u>	<u>2017</u>
Food and Program Supplies	<u>\$ 157,833</u>	<u>\$ 151,813</u>

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment acquired by specific grants for use by Iris House are considered to be owned by Iris House while used in the program or in future authorized programs. Property, furniture, fixtures and equipment are stated at cost. The organization follows the policy of capitalizing property and equipment purchases with a cost of \$2,500 or greater.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 4. PROPERTY AND EQUIPMENT (CONT'D.)

Depreciation is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and Building Improvements	15-28
Vehicles, Furniture and Equipment	5

Fully depreciated assets are retained in the accounts until such assets are physically retired. Maintenance and repairs are charged to expenses as incurred.

Buildings and Building Improvements

Buildings and building improvements comprise of renovated building located at 2348 Adam Clayton Powell Jr. Boulevard, New York City that were acquired primarily through donation from the City of New York and currently occupied by Iris House. The property is recorded at full cost of renovation.

Below is the asset and depreciation cost summary:

	<u>Buildings</u>	<u>Building Improvements</u>	<u>Furniture & Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost:					
Balance, Beginning of Year	\$1,991,492	\$ 143,420	\$ 463,556	\$ 76,260	\$2,674,728
Additions	-	-	26,335	162,292	188,627
Total, End of Year	<u>1,991,492</u>	<u>143,420</u>	<u>489,891</u>	<u>238,552</u>	<u>2,863,355</u>
Accumulated Depreciation:					
Balance, Beginning of Year	1,217,987	94,813	434,218	76,260	1,823,278
Charge for the year	71,632	6,528	17,764	32,458	128,382
Total, End of Year	<u>1,289,619</u>	<u>101,341</u>	<u>451,982</u>	<u>108,718</u>	<u>1,951,660</u>
Net Properties & Equipment	<u>\$ 701,873</u>	<u>\$ 42,079</u>	<u>\$ 37,909</u>	<u>\$129,834</u>	<u>\$ 911,695</u>

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 5. CONTRACT AND GRANT RECEIVABLES

Contract and grant receivables at June 30, 2018 and 2017 respectively, represent primarily, uncollected billings for governmental contract and grant services and consist of the following:

	<u>2018</u>	<u>2017</u>
Food and Nutrition Program (NYS AIDS Institute)	\$ 42,679	\$ 51,690
New York City Council (PHS)	56,655	151,022
Legislative Grants	-	25,980
NYC-Scatter Site Housing Program	669,665	437,771
DOHMH-Scatter Site Housing Program	115,295	-
Center for Disease Control	15,853	18,115
Family and Youth Services (FAYS)	24,307	33,681
Social Network Testing (PHS)	-	11,028
Women Seeking Women (NYS AIDS Institute)	37,857	49,906
Women of Color (NYS AIDS Institute)	55,118	-
Hunger Prevention and Nutrition Assistance	30,191	-
Other Programs	90,407	-
New Jersey Department of Health	<u>14,580</u>	<u>53,390</u>
Total	<u>\$1,152,607</u>	<u>\$ 832,584</u>

NOTE 6. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of grant funds that are available for specific program purposes and are as follows:

	<u>2018</u>	<u>2017</u>
Community Prevention Programs	\$ 48,486	\$ 99,674
Food & Nutrition Program	-	5,444
Total	<u>\$ 48,486</u>	<u>\$ 105,118</u>

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 6. RESTRICTIONS ON NET ASSETS (CONT'D.)

Permanently Restricted Net Assets

Permanently restricted net assets consist of grant and funds that must be preserved in perpetuity to provide income for a restricted purpose.

Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors or by passage of time.

	<u>2018</u>	<u>2017</u>
Net assets released from restrictions	\$ <u>156,632</u>	\$ <u>60,918</u>

NOTE 7. CONTRACT REVENUE

Contract revenue primarily from governmental agencies consists of the following at June 30, 2018 and 2017, respectively:

	<u>2018</u>	<u>2017</u>
Food and Nutrition Services Program	\$ 254,547	\$ 225,171
Hunger Prevention and Nutrition Assistance	87,588	3,000
NYC-Scatter Site Housing Program	1,932,824	2,100,263
DOHMH-Scatter Site Housing Program	516,404	-
Legislative Grants	20,250	-
New York City Council (PHS)	271,423	269,673
Center for Disease Control (NY)	697,681	702,501
Center for Disease Control (NJ)	237,363	242,613
Family and Youth Services (FAYS)	110,000	82,800
Federal Emergency Food and Shelter Program	22,394	6,694
Social Network Testing (PHS)	37,756	51,246
Women Seeking Women (NYS AIDS Institute)	214,129	201,171
Women of Color (NYS AIDS Institute)	97,628	-
New Jersey Department of Health	<u>175,000</u>	<u>175,000</u>
Total	<u>\$4,674,987</u>	<u>\$4,060,132</u>

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 8. PROGRAMS

Iris House's principal programs and their acronyms comprise of and are captioned according to funding sources as follows:

Department of Housing and Urban Development Housing Opportunities for Persons Living With AIDS

Passed through New York City Department of Human Resources Administration via HIV/AIDS Services Administration (HASA)

- Scattered Site Housing Program: Provide comprehensive services for housing placement, case management, maintenance support, substance abuse services, educational counseling (housing-enhancement) and administrative support to eligible homeless individuals living with HIV/AIDS who are clients of HASA and their families with children, intensive case management services, referrals to employment programs for training and job placement, and assistance in applying and securing financial entitlements.

NYS Department of Health and Mental Hygiene (NYSDOHMH) via AIDS Institute Component B: Nutrition Health Education and Food and Meal Services for Person Living With HIV/AIDS

- Food and Nutrition Services: Provide Nutrition Health Education through group workshops and providing individual Nutrition Health Education on an ongoing basis. Workshops include cooking classes, making healthier food choices, budgeting, lessons on how to prepare foods provided in the pantry and the importance of physical activity. Nutrition Health Education also includes visiting local green markets, screening food films and touring food-related museum exhibits. The program also provides nutrient dense pantry bags to clients and the community and offers hot meals 4 days a week. To support stress reduction, yoga classes are offered, (free of charge), on a biweekly basis to clients and members of the community.

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE 8. PROGRAMS (CONT'D.)

NYC DOHMH via Public Health Solutions (PHS)

- Community of Color Initiative: Provide prevention education services to the high risk population in the Central and East Harlem, workshops on the underlying risk factors contributing to HIV infection and strategies for adopting safe behavior for HIV infection prevention for families, prevention workshops for high-risk and HIV infected teens and young adults to educate the population on HIV risk factors, prevention techniques and resource availability.

New York State Department of Health AIDS Institute (NYSDOH)

- Provide comprehensive HIV/STI/Hepatitis C (HCV) prevention services to African American and Hispanic Lesbian/WSW HIV-positive and or at high-risk adolescents ages 13+ to prevent new HIV/STI/HCV infections. Improve the target population's knowledge of their HIV, STI and HCV status, awareness of transmission risks and reduce the number of new HIV/STI/HCV infections. Participant recruitment/engagement through on-going targeted outreach at high-risk venues, collaboration with LGBT providers and provide supportive services through an array of services.

**Department of Health and Human Services Center for Disease Control
And Prevention**

- Engage high-risk African American and Latina women, high-risk individuals and those who are unaware of their HIV status. Conduct outreach in high-risk areas where HIV is prevalent in Central and East Harlem, the South Bronx, and in hot-spot areas of high HIV incidence in New York City. Offer HIV testing, navigation services, referrals and on-going supportive services to high-risk negative individuals.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 9. LEASE COMMITMENTS

Effective October 20, 2015, Iris House signed an operating lease agreement for four copy machines with LDI Color ToolBox to replace the lease with Superior Office Systems.

Under its Scatter Site Housing program providing residential shelter for its clients, Iris House entered into sixty six (66) apartment lease agreements and acquired an additional twenty (20) units in the Bronx with various terms of expiration and rental amounts. In addition, Iris House has also acquired another forty (40) units in the Bronx with various terms of expiration and rental amounts.

The minimum annual rental commitments under each group of these leases are as follows:

<u>Year</u>	<u>SSH Leases</u>
2019	\$ 804,985
2020	444,533
Total	<u>\$ 1,249,518</u>

Rental expenses under rental lease obligations for the year ended June 30, 2018 and 2017 were \$1,000,485 and \$961,315, respectively.

NOTE 10. CONTRACT ADVANCES

Contract advances consist of unexpended grant awards for Social Network Testing program activity. At June 30, 2018 and 2017, there were no amounts due on Contract Advances.

NOTE 11. PENSION PLAN

On July 1, 1993, Iris House adopted a noncontributory, trustee, and defined contribution pension plan which covers substantially all employees who become eligible after one-half year of service. Employee contributions are voluntary and are made on pre-tax basis. Employer contributions are a percentage of wages, as defined in the Master Agreement, and are discretionary. Iris House did not make any contributions to the plan during the fiscal years ended June 30, 2018 and 2017.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE 12. CONCENTRATION OF CREDIT RISK

Iris House maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Iris House regularly monitors the health of the institutions and believes it is not exposed to any significant financial risk on cash.

NOTE 13. BANK LINE OF CREDIT

In November 2000, Iris House obtained a \$300,000 line of credit arrangement with the JP Morgan Chase to provide for seasonal working capital requirements. Amount borrowed on this line of credit bear interest at a fluctuating rate per annum equal to 2.00% above the Bank's Prime Rate and is secured by its business assets. The amount borrowed and outstanding at June 30, 2018 and 2017 were \$169,365 and \$245,547 respectively. Interest expense was paid in the amount of \$20,941 and \$24,505 for the years ended June 30, 2018 and 2017, respectively.

NOTE 14. CONTRACT CONTINGENCIES

A substantial portion of the organization's total revenue is derived pursuant to contracts with Federal, State and City government agencies. The ultimate determination of income recognizable and reimbursable under these contracts generally is based upon allowable costs as audited by the various agencies. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount claimed and received in excess of allowable costs. However, in management's opinion, such audits will not have material effect on the financial statements of the organization.

NOTE 15. RECLASSIFICATION

Certain prior year's amounts have been reclassified to conform to current year's presentation.

NOTE 16. SUBSEQUENT EVENTS

Iris House evaluated subsequent events through March 07, 2019, which is the date the financial statements were available to be issued and concluded that no additional disclosures were required.

**THE SINGLE AUDIT UNDER THE
UNIFORM GUIDANCE
SUPPLEMENTARY SCHEDULES**

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018
(With comparative totals for 2017)

Program Activities

EXPENSES	Food & Nutrition Services	Scatter Site Housing	HIV Prevention Services	Total Government Programs	Other Programs	Total Programs	Support Services		Total	
							General & Admin.	Fund Raising	2018	2017
Salaries	\$ 181,206	\$ 696,558	\$ 946,779	\$ 1,824,543	\$ 3,752	\$ 1,828,295	\$ 391,088	\$ 121,908	\$ 2,341,291	\$ 2,224,914
Fringe benefits	43,731	151,877	218,242	413,850	287	414,137	49,059	24,740	487,936	513,214
Liability insurance	3,488	43,351	3,149	49,988	-	49,988	3,935	-	53,923	63,902
Consultants	31,435	73,188	326,379	431,002	3,727	434,729	24,063	24,100	482,892	436,633
Printing and duplication	2,826	8,735	9,506	21,067	-	21,067	3,597	1,028	25,692	27,368
Telephone	6,014	30,479	18,948	55,441	20,043	75,484	8,323	1,997	85,804	114,448
Program supplies	10,638	2,878	111,481	124,997	14,962	139,959	33,938	7,039	180,936	185,034
Furnishings	-	75,196	-	75,196	-	75,196	-	-	75,196	18,043
Food expenses	245,989	-	-	245,989	-	245,989	-	-	245,989	184,006
Recreation and educational supplies	-	1,206	728	1,934	-	1,934	4,461	-	6,395	3,866
Office supplies	2,408	7,048	6,381	15,837	782	16,619	5,130	350	22,099	21,449
Payroll processing and bank charges	4,342	14,342	14,605	33,289	-	33,289	4,249	1,935	39,473	42,696
Parking and gas	-	13,496	1,701	15,197	18	15,215	994	48	16,257	12,843
Postage and messenger service	881	2,816	2,964	6,661	-	6,661	940	835	8,436	7,064
Dues and subscriptions	-	-	-	-	-	-	11,016	-	11,016	8,852
Client travel	9,515	5,225	24,878	39,618	-	39,618	11,688	-	51,306	53,239
Staff travel	19	3,575	13,819	17,413	68	17,481	1,556	34	19,071	18,841
Staff training and development	-	258	4,778	5,036	-	5,036	6,774	-	11,810	38,173
Rent office/storage	4,211	7,009	56,099	67,319	17,008	84,327	8,522	12,943	105,792	54,812
Rent client apartment	-	1,000,485	-	1,000,485	-	1,000,485	-	-	1,000,485	961,315
Utilities office	2,886	19,961	16,897	39,744	-	39,744	5,424	2,678	47,846	45,611
Utilities client apartment	-	22,146	-	22,146	-	22,146	-	-	22,146	26,153
Repairs, cleaning and maintenance	-	16,550	-	16,550	-	16,550	4,928	-	21,478	19,028
Equipment rental and repair	-	-	-	-	664	664	-	-	664	11,406
Advertising	270	360	180	810	-	810	90	-	900	990
Professional fees	2,870	95,789	3,542	102,201	-	102,201	16,548	-	118,749	119,231
Bad debts	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	14,122	43,650	47,501	105,273	-	105,273	17,974	5,135	128,382	93,726
Other expenses	-	5,703	147	5,850	17,081	22,931	8,383	400	31,714	29,287
TOTAL EXPENSES	\$ 566,851	\$ 2,341,881	\$ 1,828,704	\$ 4,737,436	\$ 78,392	\$ 4,815,828	\$ 622,680	\$ 205,170	\$ 5,643,678	\$ 5,336,144

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

Iris House, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Grantor / Pass Through Agency	Program Name	Agency Contract No.	Federal CFDA No.	Period Covered	Grant Award Amount	Current Year Expenditures
Department of Housing & Urban Development Housing Opportunities for Persons with AIDS Passed Through the City of New York, Human Resources Administration - Division of AIDS Services & Income Support (DASIS)	Scatter Site Housing Program	20181403722	14.241	07/01/17-06/30/18	\$ 963,129	\$ 765,332
Department of Housing & Urban Development Housing Opportunities for Persons with AIDS Passed Through the City of New York, Human Resources Administration - Division of AIDS Services & Income Support (DASIS)	Scatter Site Housing Program	20171425112	14.241	07/01/17-06/30/18	223,357	200,807
Total Division of AIDS Services and Income Support (DASIS) Scatter Site Housing Program						966,139
Department of Health & Human Services Temporary Assistance for Needy Families (TANF) Passed Through the City of New York Human Resources Administration- Division of Aids Services & Income Support (DASIS)	Scattered Site Housing Program	20181403722	93.558	07/01/17-06/30/18	92,818	73,756
Department of Health & Human Services Temporary Assistance for Needy Families (TANF) Passed Through the City of New York Human Resources Administration- Division of Aids Services & Income Support (DASIS)	Scattered Site Housing Program	20171425112	93.558	07/01/17-06/30/18	28,086	25,251
Total Division of Aids Services and Income Support (DASIS) Scattered Site Housing Program						99,007
HIV Care Services (Prevention) Passed Through Public Health Solutions	Ryan White HIV/AIDS TE Act of 2009 Part A Early Intervention Services Social Network	11-SNS-661	93.940	01/01/17-12/31/17	52,765	52,765
		11-SNS-661	93.940	01/01/18-02/28/18	11,329	11,329
Total HIV Emergency Relief Project Grants						64,094
Department of Health and Human Services Center for Disease Control and Prevention	CDC	5NU65PS004931-03-00	93.939	07/01/17-06/30/18	697,681	697,681
Total HIV Prevention Activities Non-Governmental Organization Based						697,681
Federal Emergency Management Agency (FEMA) XVIII Emergency Food and Shelter Program Passed Through United Way	EFSP	PHASE 34	97.024	09/01/17-06/30/18	15,700	15,700
Total Expenditures of Federal Awards						\$ 1,842,621
The State of New Jersey Department of Health	HIV/AIDS Health Education Risk Reduction Program/ Prevention Services	AIDS17HER014	N/A	07/01/17-06/30/18	175,000	175,000
Total State Awards						175,000
Total Expenditures of Federal and State Awards						\$ 2,017,621

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Iris House under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the 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). Because SEFA presents only a selected portion of the operations of Iris House, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Iris House.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on SEFA are presented 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. Negative amounts, if any, shown on SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

Iris House has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. CLUSTER OF PROGRAMS

Cluster of Programs means Federal programs with different CFDA numbers that are defined as a cluster because they are closely related programs that share common compliance requirements and therefore considered one program for major program determination.

NOTE 5. MAJOR PROGRAMS

There were three (3) major federal programs identified or referenced in the financial statements in accordance with the Uniform Guidance.



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**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**

To the Board of Directors
Iris House: A Center for Women Living with HIV, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Iris House: A Center for Women Living with HIV, Inc. (Iris House) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 07, 2019.

Internal Control over Financial Reporting

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

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

**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**

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

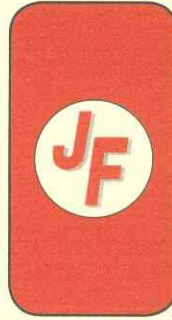
As part of obtaining reasonable assurance about whether Iris House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

New York, New York
March 07, 2019

Jackson Friday CPA, LLC



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

To the Board of Directors
Iris House: A Center for Women Living with HIV, Inc.

Report on Compliance for Each Major Federal Program

We have audited Iris House: A Center for Women Living with HIV, Inc. (Iris House)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Iris House's major federal programs for the year ended June 30, 2018. Iris House'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 Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, Iris House complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jackson Friday CPA, LLC

New York, New York
March 07, 2019

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
FEDERAL AWARD PROGRAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified _____yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es) _____yes X none reported

Noncompliance material to financial statements noted. _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified _____yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es) _____yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance _____yes X no

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
FEDERAL AWARD PROGRAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D.)
YEAR ENDED JUNE 30, 2018**

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for Persons with AIDS (Scatter Site Housing Program)
93.558	Temporary Assistance for Needy Families (Scatter Site Housing Program)
93.939	HIV Prevention Activities_Non-Governmental Organization Based

Dollar threshold used to distinguish between
Type A programs _____ \$750,000 _____

Auditee qualified as low-risk auditee? _____ X _____ yes _____ no

1. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

There were no material findings.

2. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no material findings or questioned costs.

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
FEDERAL AWARD PROGRAMS
SCHEDULE OF AUDITOR FOLLOW-UP PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2018**

- There were no material prior year's audit findings that required follow-up action procedures. -