

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
REPORT ON THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015
AND SUPPLEMENTARY INFORMATION)

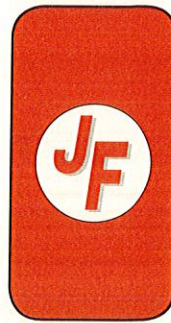
**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
YEAR ENDED JUNE 30, 2016**

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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.
2348 Adam Clayton Powell Jr. Blvd.
New York, NY 10030

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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, 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.

New York, New York
March 22, 2017

Jackson Friday CPA, LLC

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(With comparative figures for 2015)

ASSETS	2016	2015
<i>Current assets:</i>		
Cash and cash equivalents	\$ (118,426)	\$ 23,584
Security deposits	85,523	92,829
Prepaid expenses	14,936	12,417
Contract and grant receivable (Note 5)	691,263	476,133
Medicaid/medicare receivable, net	392,872	1,074,000
Other receivable	311,907	235,444
<i>Total current assets</i>	1,378,075	1,914,407
<i>Fixed assets - Net: (Note 4)</i>		
Building	845,137	916,769
Building improvements	55,135	61,663
Vehicles	-	4,700
Furniture and equipment	44,903	41,976
<i>Total fixed assets</i>	945,175	1,025,108
TOTAL ASSETS	\$ 2,323,250	\$ 2,939,515
LIABILITIES AND NET ASSETS		
<i>Current liabilities:</i>		
Accounts payable and accrued expenses	\$ 128,796	\$ 153,074
Payroll taxes payable	7,473	4,046
Loans payable/ line of credit	268,000	300,000
Contract advances (Note 10)	1,887	14,745
Due to landlord - client	19,829	19,829
<i>Total current liabilities</i>	425,985	491,694
<i>Net assets:</i>		
Unrestricted	1,836,347	2,393,298
Temporarily restricted (Note 6)	60,918	54,523
<i>Total net assets</i>	1,897,265	2,447,821
TOTAL LIABILITIES AND NET ASSETS	\$ 2,323,250	\$ 2,939,515

"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, 2016
(With comparative totals for 2015)

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Total	
			2016	2015
Corporations and foundations	\$ 249,359	\$ 60,918	\$ 310,277	\$ 176,377
Contract and grant revenue (Note 7)	4,312,125		4,312,125	4,004,130
Medicaid/medicare revenue	616,165		616,165	984,976
340B pharmacy revenue	140,383		140,383	4,552
Other contributions	29,099		29,099	34,875
Donated services and supplies (Note 3)	117,536		117,536	171,180
Special events	25,489		25,489	46,886
Program fees	209,398		209,398	205,771
Interest income	1		1	16
Other income	26,024		26,024	48,591
<i>Net assets released from restrictions:</i>				
Satisfaction of program restrictions	54,523	(54,523)	-	-
TOTAL SUPPORT AND REVENUE	5,780,102	6,395	5,786,497	5,677,354
EXPENSES:				
<i>Program activities:</i>				
Food and Nutrition Program	446,736		446,736	551,302
Scatter Site Housing Program	2,093,965		2,093,965	2,161,927
HIV Prevention Services	2,024,015		2,024,015	1,537,776
Other Programs	816,267		816,267	628,732
Total program expenses	5,380,983	-	5,380,983	4,879,737
<i>Support services:</i>				
General and administration	782,026		782,026	916,028
Fund-raising	174,044		174,044	170,357
TOTAL EXPENSES	6,337,053	-	6,337,053	5,966,122
<i>Change in net assets</i>	<i>(556,951)</i>	<i>6,395</i>	<i>(550,556)</i>	<i>(288,768)</i>
Net assets at beginning of the year	2,393,298	54,523	2,447,821	2,736,589
NET ASSETS AT END OF THE YEAR	\$ 1,836,347	\$ 60,918	\$ 1,897,265	\$ 2,447,821

"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, 2016
(With comparative figures for 2015)

CASH FLOWS FROM OPERATING ACTIVITIES	2016	2015
<i>Cash flows from operating activities:</i>		
<i>Change in net assets</i>	\$ (550,556)	\$ (288,768)
Items not requiring cash - Depreciation and amortization	101,643	103,605
Decrease/(Increases) in security deposits	7,306	2,339
(Increase)/Decrease in prepaid expenses	(2,519)	51,193
(Increases)/Decrease in contract and grant receivable	(215,130)	298,579
(Increases)/Decrease in medicaid/medicare receivable	681,128	(631,708)
Increases in other receivable	(76,463)	(26,089)
Increase/(Decrease) in accounts payable and accruals	(24,278)	(17,298)
(Decrease)/Increases in contract advances	(12,858)	(6,133)
Increases/(Decrease) in payroll taxes payable	3,427	2,075
Increase/(Decrease) in due to landlord - client	-	(26,189)
Net cash provided by operations	(88,300)	(538,394)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to furniture and equipment	(21,710)	(40,788)
Net cash used by investment and financing activities	(21,710)	(40,788)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Proceeds from loans payable/ line of credit	(32,000)	300,000
Net cash provided by financing activities	(32,000)	300,000
Change in cash and cash equivalents	(142,010)	(279,182)
Cash and cash equivalents at beginning of the year	23,584	302,766
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ (118,426)	\$ 23,584

"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, 2016

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 three locations in East Harlem, 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, 2016

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, 2016

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 2016 and 2015, respectively as follows:

	<u>2016</u>	<u>2015</u>
Food and Program Supplies	<u>\$ 117,536</u>	<u>\$ 171,180</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, 2016

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	\$ 441,846	\$ 76,260	\$2,653,018
Additions	-	-	21,710	-	21,710
Total, End of Year	<u>1,991,492</u>	<u>143,420</u>	<u>463,556</u>	<u>76,260</u>	<u>2,674,728</u>
Accumulated Depreciation:					
Balance, Beginning of Year	1,074,723	81,757	399,870	71,560	1,627,910
Charge for the year	71,632	6,528	18,783	4,700	101,643
Total, End of Year	<u>1,146,355</u>	<u>88,285</u>	<u>418,653</u>	<u>76,260</u>	<u>1,729,553</u>
Net Properties & Equipment	<u>\$ 845,137</u>	<u>\$ 55,135</u>	<u>\$ 44,903</u>	<u>\$ -</u>	<u>\$ 945,175</u>

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 5. CONTRACT AND GRANT RECEIVABLES

Contract and grant receivables at June 30, 2016 and 2015 respectively, represent primarily, uncollected billings for governmental contract and grant services and consist of the following:

	<u>2016</u>	<u>2015</u>
Food and Nutrition Program (NYS AIDS Institute)	\$ 40,392	\$ 49,182
Harm Reduction Program (PHS)	25,208	26,261
New York City Council (PHS)	112,782	18,125
Legislative Grants	28,500	10,793
NYC-Scatter Site Housing Program	301,758	215,616
Center for Disease Control	26,960	-
Community of Color (PHS)	7,099	17,647
Black Leadership Program	46,875	30,000
Social Network Testing (PHS)	7,885	8,301
Women Seeking Women	37,956	36,874
New Jersey Department of Health	<u>55,848</u>	<u>63,334</u>
Total	<u>\$ 691,263</u>	<u>\$ 476,133</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>2016</u>	<u>2015</u>
Community Prevention Programs	\$ 60,918	\$ 48,102
Food & Nutrition Program	<u>-</u>	<u>6,421</u>
Total	<u>\$ 60,918</u>	<u>\$ 54,523</u>

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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>2016</u>	<u>2015</u>
Net assets released from restrictions	\$ 54,523	\$ 163,405

NOTE 7. CONTRACT REVENUE

Contract revenue primarily from governmental agencies consists of the following at June 30, 2016 and 2015, respectively:

	<u>2016</u>	<u>2015</u>
Food and Nutrition Services Program	\$ 205,083	\$ 249,040
Hunger Prevention and Nutrition Assistance	3,000	2,500
NYC-Scatter Site Housing Program	2,110,829	2,210,804
Harm Reduction Program (PHS)	162,111	227,312
NYC-DOHMH-Community of Color Program (PHS)	28,398	28,399
Legislative Grants	10,000	38,000
Capacity Building Initiative	75,946	301,911
New York City Council (PHS)	186,500	31,250
Black Leadership Grant Program	46,875	30,000
Center for Disease Control (NY)	702,501	312,026
Center for Disease Control (NJ)	242,613	-
Federal Emergency Food and Shelter Program	11,620	-
Social Network Testing (PHS)	58,816	53,765
Women Seeking Women (NYS AIDS Institute)	217,833	228,210
New Jersey Department of Health	250,000	250,000
Love Your Life Program	-	40,913
Total	<u>\$4,312,125</u>	<u>\$4,004,130</u>

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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.

Ryan White HIV/AIDS Treatment Extension Act of 2009

- Harm Reduction, Recovery Readiness, and Relapse Prevention Services (HR/RR/RP): Provide rapid testing to high risk individuals, training workshops and linkages to treatment adherence education, skills building and support services, and information on drug use and issues facing the Alcohol and Other Drug Abuse population (AOD) and referrals to care.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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 Substance Abuse and Mental Health Services Administration

- Educate young black heterosexual men and young men who are having sex with men (YMSM), between ages 18-24, in Substance Abuse (SA) and HIV prevention interventions. Reduce substance abuse and the transmission of HIV/AIDS among at-risk racial/ethnic minority young adults. Engage various key leaders and members of the Central/East Harlem and South Bronx communities in barber shops, community based organizations, colleges, and other community centers.

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, 2016

NOTE 9. LEASE COMMITMENTS

On December 28, 1993, Iris House entered into an initial two year non-cancelable lease agreement and is currently on month to month rental basis, for the ground floor space at 250-252- East 117th Street New York, NY 10034. The base monthly rental (excluding escalation) under this lease is \$2,983.

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.

In addition, 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 20 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>
2017	\$ 527,809
2018	<u>51,703</u>
Total	<u>\$ 579,512</u>

Rental expenses under rental lease obligations for the year ended June 30, 2016 and 2015 were \$987,772 and \$1,103,908, respectively.

NOTE 10. CONTRACT ADVANCES

Contract advances consist of unexpended grant awards for the following program activities:

	<u>2016</u>	<u>2015</u>
Harm Reduction Program	\$ -	\$ 11,600
Social Network Testing	<u>1,887</u>	<u>3,145</u>
Total	<u>\$ 1,887</u>	<u>\$ 14,745</u>

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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, 2016 and 2015.

NOTE 12. CONCENTRATION OF CREDIT RISK

Iris House maintains its cash in bank deposit accounts in a single financial institution which, at times, exceed federally insured limits. Although the amounts may at times exceed the FDIC insured limit, Iris House regularly monitors the health of the institution and has not experienced any losses in such accounts.

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, 2016 and 2015 were \$268,000 and \$300,000 respectively. Interest expense was paid in the amount of \$12,920 for the year ended June 30, 2016.

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 2015 amounts have been reclassified to conform to current year's presentation.

NOTE 16. SUBSEQUENT EVENTS

Iris House evaluated subsequent events through March 22, 2017, which is the date the financial statements were available to be issued and concluded that no additional disclosures were required.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016
(With comparative totals for 2015)

EXPENSES	Program Activities										Support Services		Total
	Food & Nutrition Services	Scatter Site Housing	HIV Prevention Services	Total Government Programs	Other Programs	Total Programs	General & Admin.		Fund Raising				
							2016	2015	2016	2015			
Salaries	\$ 175,290	\$ 628,689	\$ 1,064,578	\$ 1,868,557	\$ 372,476	\$ 2,241,033	\$ 468,271	\$ 121,602	\$ 2,830,906	\$ 2,670,607	\$ 535,211		
Fringe benefits	35,542	157,534	241,982	435,058	72,107	507,165	48,114	17,747	573,026	41,434	39,835		
Liability insurance	-	22,147	-	22,147	-	22,147	19,287	-	41,434	-	221,055		
Consultants	10,922	28,080	334,766	373,768	48,562	422,330	75,453	4,173	501,956	31,505	32,653		
Printing and duplication	2,034	7,212	12,153	21,399	5,049	26,448	4,811	246	31,505	116,570	122,879		
Telephone	3,508	55,205	24,800	83,513	14,795	98,308	12,932	5,330	116,570	174,009	226,735		
Program supplies	29,378	3,114	105,793	138,285	9,625	147,910	23,939	2,160	174,009	15,219	248,402		
Furnishings	-	13,402	-	13,402	-	13,402	-	-	13,402	-	168,499		
Food expenses	163,349	-	-	163,349	4,825	168,174	325	-	168,499	-	3,403		
Recreation and educational supplies	-	3,852	913	4,765	1,446	6,211	4,716	-	10,927	-	19,537		
Office supplies	2,316	3,529	8,397	14,242	2,998	17,240	9,638	268	27,146	30,291	15,496		
Payroll processing and bank charges	1,081	6,016	6,393	13,490	1,167	14,657	14,720	914	20,424	11,728	15,059		
Parking and gas	-	18,519	188	18,707	44	18,751	1,673	-	20,424	842	11,728		
Postage and messenger service	656	2,288	4,546	7,490	1,779	9,269	1,921	842	12,032	9,792	12,376		
Dues and subscriptions	-	-	290	290	-	290	9,083	419	77,967	44	84,902		
Client travel	7,662	6,573	48,888	63,123	9,317	72,440	5,483	23	22,189	250	22,699		
Staff travel	132	3,546	12,323	16,001	4,500	20,501	1,665	8,652	100,097	987,772	1,103,908		
Staff training and development	-	300	13,938	14,238	334	14,572	10,687	250	25,509	48,535	44,116		
Rent office/storage	-	10,728	68,580	79,308	5,850	85,158	6,287	2,855	98,007	30,399	31,478		
Rent client apartment	-	987,772	-	987,772	-	987,772	-	-	19,007	-	16,660		
Utilities office	4,195	14,812	14,473	33,480	6,200	39,680	6,000	2,855	48,535	44,116	31,478		
Utilities client apartment	-	30,399	-	30,399	-	30,399	-	-	30,399	-	16,660		
Repairs, cleaning and maintenance	-	17,352	-	17,352	-	17,352	1,655	-	19,007	-	9,738		
Equipment rental and repair	-	-	-	-	-	-	350	-	350	-	1,115		
Advertising	635	-	215	850	160	1,010	105	-	1,115	-	70,020		
Professional fees	2,745	45,724	24,436	72,905	1,675	74,580	5,850	2,000	82,430	235,111	102,493		
Bad debts	-	-	-	-	235,111	235,111	-	-	101,643	-	103,605		
Depreciation and amortization	7,291	20,861	36,077	64,229	17,747	81,976	13,322	6,345	101,643	43,010	75,893		
Other expenses	-	6,311	286	6,597	500	7,097	35,739	174	43,010	-	-		
TOTAL EXPENSES	\$ 446,736	\$ 2,093,965	\$ 2,024,015	\$ 4,564,716	\$ 816,267	\$ 5,380,983	\$ 782,026	\$ 174,044	\$ 6,337,053	\$ 5,966,122	\$ 43,010		

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

**THE SINGLE AUDIT UNDER THE
UNIFORM GUIDANCE**

SUPPLEMENTARY SCHEDULES

Iris House, Inc.
Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2016

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	#2014000020	14.241	7/1/15 to 6/30/16	\$ 501,893	\$ 469,076
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	#20141414060	14.241	7/1/15 to 6/30/16	117,530	113,444
Total Division of AIDS Services and Income Support (DASIS) Scatter Site Housing Program						582,520
Department of Health and Human Services Substance Abuse and Mental Health Services Administration Center for Substance Abuse Prevention	CAPACITY BUILDING INITIATIVE	1U79SP018071-05	93.243	09/30/14-09/29/15	300,000	75,946
Total Substance Abuse and Mental Health Services- Projects of Regional and National Significance						75,946
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	#2014000020	93.558	7/1/15 to 6/30/16	124,534	116,391
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	#20141414060	93.558	7/1/15 to 6/30/16	32,803	31,662
Total Division of Aids Services and Income Support (DASIS) Scatter Site Housing Program						148,053
HIV Emergency Relief Project Grants New York State DOHMH Passed Through Public Health Solutions	Harm reduction, Recovery Readiness and Relapse Prevention Program	07-HRR-661 07-HRR-661	93.914 93.914	03/01/15-02/28/16 03/01/16-05/31/16	175,293 50,419	175,293 50,419
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 11-SNS-661	93.914 93.914	03/01/15-12/31/15 01/01/16-12/31/16	50,814 67,973	31,522 27,294
Total HIV Emergency Relief Project Grants						284,528
Department of Health and Human Services Center for Disease Control and Prevention	CDC	1U65PS004931-01	93.939	07/01/15 -6/30/16	702,501	702,501
Total HIV Prevention Activities - Non-Governmental Organization Based						702,501
Federal Emergency Management Agency (FEMA) XVIII Hunger Prevention and Nutrition Assistance Program Passed Through Public Health Solutions	HPNAP XXXI	0-6314-00-523	97.024	07/01/15-06/30/16	3,000	3,000
Total Expenditures of Federal Awards					\$	1,796,548

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

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, 2016. 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

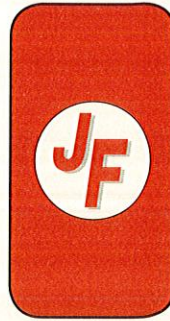
Iris House has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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.
2348 Adam Clayton Powell Jr. Blvd.
New York, NY 10030

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, 2016, 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 22, 2017.

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 22, 2017

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.
2348 Adam Clayton Powell Jr. Blvd.
New York, NY 10030

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, 2016. 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, 2016.

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.

New York, New York
March 22, 2017

Jackson Friday CPA, LLC

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
FEDERAL AWARD PROGRAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

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: Unmodified

- 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, 2016**

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)
93.914	HIV Emergency Relief Project Grants
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, 2016**

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