



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

GRETCHEN WHITMER  
GOVERNOR

ROBERT GORDON  
DIRECTOR

May 6, 2019

Ms. Kelly Doyle, Executive Director  
Community AIDS Resource and Education Services  
629 Pioneer Street, Suite #200  
Kalamazoo, Michigan 49008

Dear Ms. Doyle:

Attached is our final report from the Michigan Department of Health and Human Services (MDHHS) audit of the Community AIDS Resource and Education Services HIV Prevention and Ryan White Part B Programs for the period October 1, 2016 through September 30, 2018.

The final report contains the following: Description of Agency; Funding Methodology; Purpose and Objectives; Scope and Methodology; Conclusions; Statements of Grant Program Revenues and Expenditures; and Comments and Recommendations. No Exceptions were noted during our audit.

Final reports are posted for public viewing on the MDHHS website at:  
[http://www.michigan.gov/mdhhs/0,5885,7-339-73970\\_43164-151236--,00.html](http://www.michigan.gov/mdhhs/0,5885,7-339-73970_43164-151236--,00.html).

Thank you for the cooperation extended throughout this audit.

Sincerely,

A handwritten signature in black ink, reading "Shannah M. Havens".

Shannah M. Havens, CPA, CISA  
Audit Section Manager  
Population Health and Community Services Programs Section  
Audit Division

Attachment

cc: Deb Hallenbeck, Director, Audit Division  
Thomas Dunn, Manager, Division of HIV and STD Programs  
Kelly Nicholson, Financial Officer, CARES

# Audit Report

## Community AIDS Resource and Education Services of SW Michigan

HIV Prevention  
and  
Ryan White Part B Programs

October 1, 2016 – September 30, 2018



Bureau of Audit  
Audit Division  
May 2019

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## **DESCRIPTION OF AGENCY**

The Community AIDS Resource and Education Services of SW Michigan ("Agency") is organized as a not-for-profit corporation, under the provision of 501(c) (3) of the Internal Revenue Code. The Agency provides case management and early intervention services to individuals living with and affected by HIV/AIDS. The Agency operates under the legal supervision and control of its volunteer Board of Directors. The Agency is located in Kalamazoo, Michigan and serves the residents of Barry, Berrien, Branch, Calhoun, Cass, Hillsdale, Kalamazoo, St. Joseph, and Van Buren Counties.

## **FUNDING METHODOLOGY**

The Agency receives funding from grant programs administered through the Michigan Department of Health and Human Services (MDHHS). MDHHS grant funding is reimbursed monthly, based on Financial Status Reports, in accordance with the terms and conditions of each grant agreement and budget.

The HIV Prevention Program was funded by MDHHS Grant Funds. Grant Funding from MDHHS for the HIV Prevention Program is federal funding under federal catalog number 93.940

The HIV Care Formula Grant (Ryan White HIV/AIDS Program (RWHAP) Part B) was funded by MDHHS Grant Funds. Grant funding from MDHHS for the RWHAP Part B Program was federal funding under federal catalog number 93.917.

## **PURPOSE AND OBJECTIVES**

The purpose of this audit was to assess the Agency's financial reporting and to determine the MDHHS shares of cost according to the agreements, and program standards and regulations. The following were the specific objectives of the audit:

1. To assess the Agency's effectiveness and accuracy in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards and generally accepted accounting principles.
2. To determine the MDHHS shares of cost in accordance with MDHHS requirements and agreements, Federal standards and program standards, and any balance due to or due from the Agency.

## SCOPE AND METHODOLOGY

We examined the Agency's records and activities for the fiscal periods October 1, 2016 to September 30, 2017 and October 1, 2017 to September 30, 2018. Our review procedures included the following:

- Reviewed the completed Subrecipient Questionnaire.
- Reconciled HIV Prevention and RWHAP Part B Programs Financial Status Reports (FSRs) to the accounting records.
- Reviewed a sample of payroll expenditures.
- Tested a sample of expenditures for program compliance and adherence to policy and approval procedures.
- Reviewed building space/lease costs for proper reporting and compliance with Federal requirements.
- Reviewed equipment purchases over \$5,000 for the HIV Prevention and RWHAP Part B Programs.
- Reviewed RWHAP Part B client eligibility.

Our audit did not include a review of program content or quality of services provided.

## CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

### FINANCIAL REPORTING

**Objective 1:** To assess the Agency's effectiveness and accuracy in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards, and generally accepted accounting principles.

**Conclusion:** The Agency was effective and accurate in reporting its financial activity to MDHHS in accordance with MDHHS requirements and agreements, Federal standards, program standards, and generally accepted accounting principles. No financial reporting exceptions were noted.

### MDHHS SHARES OF COST AND BALANCE DUE

**Objective 2:** To determine the MDHHS shares of cost in accordance with MDHHS requirements and agreements, Federal standards, program standards, and any balance due to or due from the Agency.

**Conclusion:** The MDHHS obligations under the HIV Prevention Programs for fiscal year ended September 30, 2017, are \$262,579 and fiscal year ended September 30, 2018 are \$262,579. The MDHHS obligations under the RWHAP Part B Program for fiscal year ended September 30, 2017, are \$853,973 and fiscal year ended September 30, 2018, are \$853,973. The attached Statements of Grant Program Revenues and Expenditures show the budgeted, reported, and allowable costs. The audit made no adjustments.

**Community AIDS Resource & Education Services  
Prevention  
Statement of Grant Program Revenues and Expenditures  
10/1/16 - 9/30/17**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDHHS Grant	\$262,579	\$262,579 <sup>1</sup>		\$262,579
<b>TOTAL REVENUES</b>	\$262,579	\$262,579	\$0	\$262,579
<b>EXPENDITURES:</b>				
Salary & Wages	\$143,329	\$152,493		\$152,493
Fringe Benefits	\$41,749	\$39,450		\$39,450
Travel	\$11,025	\$16,132		\$16,132
Supplies and Materials	\$8,138	\$8,997		\$8,997
Other Expenses	\$58,338	\$45,508		\$45,508
<b>TOTAL EXPENDITURES</b>	\$262,579	\$262,579	\$0	\$262,579

<sup>1</sup> Actual MDHHS payments.

**Community AIDS Resources & Education Services  
Prevention  
Statement of Grant Program Revenues and Expenditures  
10/1/17 - 9/30/18**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDHHS Grant	\$262,579	\$262,579 <sup>1</sup>		\$262,579
Fees & Collections - 1st & 2nd Party	\$1,000			\$0
<b>TOTAL REVENUES</b>	\$263,579	\$262,579	\$0	\$262,579
<b>EXPENDITURES:</b>				
Salary & Wages	\$148,718	\$149,610		\$149,610
Fringe Benefits	\$35,431	\$39,772		\$39,772
Travel	\$10,413	\$15,612		\$15,612
Supplies and Materials	\$8,026	\$7,822		\$7,822
Contractual				\$0
Equipment				\$0
Other Expenses	\$60,991	\$49,763		\$49,763
<b>TOTAL EXPENDITURES</b>	\$263,579	\$262,579	\$0	\$262,579
<sup>1</sup> Actual MDHHS payments.				

**Community AIDS Resource & Education Services  
RWHAP Part B  
Statement of Grant Program Revenues and Expenditures  
10/1/16 - 9/30/17**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDHHS Grant	\$853,973	\$853,973 <sup>1</sup>		\$853,973
<b>TOTAL REVENUES</b>	\$853,973	\$853,973	\$0	\$853,973
<b>EXPENDITURES:</b>				
Salary & Wages	\$506,957	\$491,803		\$491,803
Fringe Benefits	\$170,860	\$146,690		\$146,690
Travel	\$32,815	\$42,815		\$42,815
Supplies and Materials	\$5,855	\$15,147		\$15,147
Other Expenses	\$137,486	\$157,518		\$157,518
<b>TOTAL EXPENDITURES</b>	\$853,973	\$853,973	\$0	\$853,973

<sup>1</sup> Actual MDHHS payments.



**Community AIDS Resource & Education Services  
RWHAP Part B  
Statement of Grant Program Revenues and Expenditures  
10/1/17 - 9/30/18**

	<b>BUDGETED</b>	<b>REPORTED</b>	<b>AUDIT ADJUSTMENT</b>	<b>ALLOWABLE</b>
<b>REVENUES:</b>				
MDHHS Grant	\$853,973	\$853,973 <sup>1</sup>		\$853,973
Fees & Collections - 1st & 2nd Party	\$635,000	\$635,000		\$635,000
<b>TOTAL REVENUES</b>	<b>\$1,488,973</b>	<b>\$1,488,973</b>	<b>\$0</b>	<b>\$1,488,973</b>
<b>EXPENDITURES:</b>				
Salary & Wages	\$526,689	\$524,876		\$524,876
Fringe Benefits	\$172,406	\$155,337		\$155,337
Travel	\$39,974	\$47,505		\$47,505
Supplies and Materials	\$282,294	\$293,646		\$293,646
Other Expenses	\$467,610	\$467,610		\$467,610
<b>TOTAL EXPENDITURES</b>	<b>\$1,488,973</b>	<b>\$1,488,973</b>	<b>\$0</b>	<b>\$1,488,973</b>
<sup>1</sup> Actual MDHHS payments.				