



## **ANN ARBOR AFFORDABLE HOUSING FUND PROJECT APPLICATION**

Applications must be submitted for each project either by email to Mirada Jenkins at [jenkinsm@washtenaw.org](mailto:jenkinsm@washtenaw.org) or by hard copy to Attn: Mirada Jenkins, Washtenaw County Office of Community & Economic Development, 415 W. Michigan Avenue, 2nd Floor, Ypsilanti, MI 48197.

Applications must include the following information and/or documentation:

**1. Funding request that includes:**

**a. amount requested;**

\$131,339.43

**b. type of assistance requested (i.e. low interest loan, grant, other assistance).**

UHHB proposes to provide housing services assistance to HIV positive individuals with incomes less than 30% of the city's mean income. Assistance will be provided through past due rent or mortgage payments, eviction support, first month's rent and security deposit. UHHB requests \$131,339 in financial assistance in the form of a grant.

**2. Project narrative that includes:**

**a. Name of project:** Wellness Housing's Affordable Housing Project (AHP)

**b. the project location;** Washtenaw County, Michigan

**whether the project is a new or existing structure;**

This project will expand UHHB's existing program which provides housing assistance to people living with HIV in Washtenaw County.

**c. the number of units (both new and replacement);**

In the 2017-2018 calendar year UHHB provided housing assistance to 18 client households to provide assistance in maintaining stable housing through the HOPWA program. Additional services provided with the goal of financial sustainability include financial budgeting, education, resource referral, case management and psychosocial support.

**d. description of population to be served/targeted;**

For people living with HIV (PLHIV) maintaining reliable and affordable housing is essential to optimal health outcomes, however; accessing and maintaining it is a perpetual barrier. Often times, due to one's HIV status work is limited thus leading to financial hardships making it challenging to maintain housing. PLHIV that are homeless or do not have stable housing are at an increased likelihood to delay HIV care, have poorer access to regular care, and are less likely to adhere to their HIV treatment. As a result, because of increased medical costs, limited income, and lack of ability to work due to illness, many PLHIV are at a continual risk of losing their housing.

At UHHB our services are tailored to meet our clients needs through referrals and/or assistance with stable housing. UHHB is the result of a merger between two organizations with decades of experience and histories serving communities living with HIV. These include African American women, men (particularly MSM of all races/ethnicities), children, adolescents and young adults, racial and ethnic minorities such as African Americans, Latinos, Haitians and African Nationals, HIV positive ex-offenders and those recently discharged from state correctional and/or local facilities. The Ypsilanti office also targets injecting drug users and provides service for this population through its Harm Reduction Program including overdose prevention and referrals to substance abuse disorder Treatment. UHHB will continue to focus on these populations and which represent the combined target populations of this proposal.

According to Ryan White Part A (RWPA) and RWPA-Minority AIDS Initiative (MAI) funding in fiscal year 2018, 54.4% of UHHB's client's reside in Wayne County, 21.9% resided in Washtenaw County, and 5.1% resided in Jackson county. During the service year of 2018, UHHB provided care services to 549 clients. Of those clients 72.5% were Black, 28.1% were White, 1.1 % were Asian, 5.3% were Hispanic, and .2% were Pacific Islander. Of all clients serviced, 41.9 % were between the ages of 18-37, 21.5% were between the ages of 38-47, 23.5% were between the ages of 48-57 and 12.9% were 58+. The majority of clients served are enrolled in Medicaid or other public insurance plan, 71%. Clients also were enrolled in Medicare insurance plans, 19%, 17.7% were uninsured, .2% we enrolled in IHS plans, 6.3% were enrolled in private employer insurance plans and 5 % were enrolled in



private individual insurance plans. Of the 549 clients served, 71.8% had incomes below the Federal Poverty Level. In addition to the majority of clients falling below the Federal Poverty Level 10.4% had unstable housing.

Of those individuals 71.8% were below 100% of the Federal Poverty level. Among our Ypsilanti/Jackson clients in 2018, 77.9 % had stable housing, 11.8 % had temporary housing, and 10.4% had unstable housing.

The proposed usage of funding will assist homeless clients by way of our housing coordinator to assist with accessing opportunities for emergency and traditional housing. Known gaps in care include: housing which will be strengthened by adding funds; food insecurity, recently identified as a predictor of poor adherence and failure to suppress HIV; also strengthened and more centralized by added funding to transportation which will be partially ameliorated by tele-health capability at partner sites (able to reduce the number of visits without compromise to care).

- e. percentage of extremely low or very low income benefit (defined as number of households making less than 30% (extremely low) and 50% (very low) and 60% of the current Ann Arbor median income as established by HUD);**

According to Ryan White Part A (RWPA) and RWPA-Minority AIDS Initiative (MAI) funding in fiscal year 2018 71.8% of fell into the bracket of extremely low income benefit, 19.8% of our clients fell into very low income benefit, and 4.7% of our clients fell into low benefit of the current Ann Arbor median income as established by HUD.

- f. period of time which lower income benefit is guaranteed;**

UHHB proposes that lower income benefits will be available from 10/1/2019-9/30/2020. This time frame aligns with Wellness Housings current funding cycle.

- g. provisions to ensure that units will be occupied by low income individuals initially and throughout the project life;**

UHHB Wellness Housing does not have housing units. The UHHB Housing Team assists clients with obtaining sustainable housing by assisting with move-in cost; working with landlords that are willing to work with clients with poor rental history, criminal records, and/or poor credit history; and paying past utility bills. Additionally, UHHB's Housing Team assists clients in maintaining sustainable housing by providing eviction prevention assistance, enrolling clients in a semi-longterm rental assistance program which is coupled with case management; and utility assistance. With these funds Wellness Housing will be able to assist clients that do not qualify for assistance under HOPWA standards and guidelines.

- h. willingness to accept persons holding Housing Choice vouchers;**

UHHB will assist clients that have Housing Choice vouchers, as well as clients that do not qualify for HOPWA assistance but are low income in terms of the Ann Arbor Affordable Housing Project.

- i. the project schedule or timeline (which shows the length of time required to complete the project);**

UHHB proposes to provide Housing Services in the form of past due rent or mortgage payments, and first month's rent, eviction assistance and security deposit, in order to assist persons living with HIV within the Ann Arbor Area. UHHB's Housing Services staff will assess the client's needs as part of the intake procedures. The housing assessment/ intake is part of the UHHB Housing Programs Enrollment Packet and is completed within five business days of the referral into the program. Utilizing UHHB's current policies and procedures from our existing housing program, enrollment packets are completed either in the client's home, UHHB office, or within the community. If during the intake, the client's needs warrant a referral to Medical Case Management, Mental Health, Non-Medical Case Management or Psychosocial Support, the Housing Specialist is able to make an immediate referral.



During the enrollment process, UHHB's Housing Specialists assess the client's needs, and those needs are prioritized by the client and Housing Specialist as part of the UHHB Housing Plan. Upon completion of the UHHB Housing Programs Enrollment Packet, the UHHB Housing Specialist works with the client to ensure that rent is Fair Market Rent, assists the client in completing a UHHB Budget Worksheet, provides education about proper budgeting if necessary, and completes a Service Prioritization Decision Assistance Tool (SPDAT).

UHHB's established intake policies and procedures require that all clients are screened at intake for residency, housing status, health insurance, income, and HIV diagnosis. If successful in its application, UHHB will expand its policies to include a revised tool to ensure: the client has documentation from the landlord stating the exact amount of money owed, the clients monthly income and an agreement from the client that all documentation required by the housing specialist will be submitted prior to the assistance given.

On a monthly basis, the Housing Specialist will provide educational group sessions to interested clients on topics such as: financial fortitude, budgeting, generating savings, and maintaining the household. These groups will be targeted at clients as well as family members of those enrolled in its housing program in an effort to address the household stability. UHHB's Health Education Coordinator currently runs support groups that often covers topics such as these, and will be able to assist the Housing Specialist with developing curriculum and recruiting clients.

UHHB plans to provide up to 25 clients/households with Housing Assistance through this application. Additional clients may be supported through the housing and financial education which will be available to interested clients. Clients receiving this assistance will receive a housing inspection prior to financial assistance being provided. The items inspected include: structural and materials, access, space and security, interior air quality, water supply, thermal environment, illumination and electricity, food preparation and refuse disposal, sanitary conditions, lead-based paint and smoke detectors. If the clients home does not pass inspection, the specialist will work with the client to find quality housing, to not only ensure the client is housed, but that they are housed in an environment that encourages them to work toward economic stability.

UHHB owns and maintains a web-based client resource database that allows anyone to access needed services within their community. Although it is geared towards the HIV positive client, it does offer services that are not HIV specific and can be utilized by all members of the household. The database contains information on medical care, financial assistance, housing food resources, supportives services, and educational opportunities. The database allows the client to take ownership of addressing their identified need while working with them to address economic and societal barriers. On staff at UHHB is a Resource Specialist, who is available to assist clients in self advocating and navigating the database.

The goal for this application is that 85% of clients enrolled within the housing program at UHHB will receive education in regards to financial stability, and that 90% of program participants will be housed for a minimum of 90 days post financial assistance. Over the course of 12 months this program will provide housing assistance to 5 households at \$950; eviction prevention to 10 households at \$950; tax foreclosure prevention to 5 households at \$2,000; and financial and housing education and referrals through the program year.

**j. the project's current permitting status;**

Permits are not necessary for proposed funding and its activities.

**k. a description of any supportive services provided by the project; and**

UHHB provides housing resources and rental assistance to eligible PLWH experiencing homelessness or unstable housing as a provider of housing services funded by Housing Opportunities for People with AIDS (HOPWA) program. The agency has strengthened its housing expertise and resources by collaborating with various local housing programs and initiatives, such as Shelter Plus Care through the Shelter Association of Washtenaw County, Avalon Housing, Washtenaw Housing Alliance, and Religious Action for Affordable Housing.



UHHB provided housing assistance to 18 client households in order to help them maintain stable housing through the HOPWA program.

**I. how the project is consistent with the 2015 Housing Affordability and Economic Equity Analysis**

The housing program that UHHB proposes addresses many of the needs that are in alignment with the 2015 Housing Affordability and Economic Equity Analysis. In Washtenaw County renters are at an increased likelihood to incur “excessive housing cost”. This disparity is especially prevalent among those residents in Ypsilanti compared to Ann Arbor. The analysis points out the differences in rent levels and how that affects the unaffordability of income ladders throughout the area. Many of our clients fall within this category, with incomes below \$20,000 pay more than 30% of their income on housing. The analysis notes “60% of renters pay more than 30% of their income on housing”. Furthermore, individuals and families like many of the HIV positive clients we serve with “poor credit and work histories, disabilities, or other challenges” needs aren’t being met by the housing market. Due to the limited public and non profit sector capacity to address these needs many individuals struggle to have adequate housing. Our housing program is taking strides to assist clients with these needs not only through rental assistance but utilities and other financial burdens. Consistent with the responses in the report on the importance of affordable housing, UHHB is working to bridge this gap to imbed our clients safely in their community through safe, reliable housing.

**3. Description of organization that includes:**

**a. organization history;**

UHHB is a widely recognized multi-service center creating positive change through regional impact, innovation and greater sustainability to promote HIV health and beyond. UHHB is known for its innovative programming and outreach to target marginalized populations like MSM, young people, and the transgender community. The mission of UHHB is as follows: Rooted in the history of our fight against HIV, UNIFIED – HIV Health and Beyond advances prevention, access to healthcare, community research, and advocacy.

UHHB is guided by our core values of compassion, respect, innovation, cultural competency, equity and inclusion. The vision for the future is guided by regional impact, innovation and sustainability. Our focus is on building its capacity to strengthen existing services and expand into other areas of HIV-related healthcare. This includes initiatives such as tobacco reduction programming, certified Affordable Care Act navigators to assist community members with insurance enrollment, screening services for Hepatitis C and syphilis, and increased harm reduction and overdose prevention services to address the ongoing opiate epidemic in Southeast Michigan.

Here at UHHB we offer a comprehensive range of services that include community outreach and education, screening for HIV, Hepatitis C and syphilis, medical case management, medication adherence counseling, behavioral health, tobacco reduction, health insurance outreach and enrollment, housing assistance, transportation, food pantry and support groups. UHHB has a mobile health unit that goes to a variety of locations within our service area to provide education, safer sex materials, HIV testing, Hepatitis C testing, and harm reduction services, including syringe access and overdose prevention. Finally, UHHB has great partnerships and collaborations with key service providers in the communities it serves, such as those providing health care, substance abuse treatment, emergency shelter and supportive housing and mental health services.

**b. other projects completed;**

UHHB has been providing Housing Opportunities for Persons with AIDS (HOPWA) services for nearly twenty years in the Ann Arbor area. UHHB is also subcontracted under Henry Ford Health Systems Care Coordination funding through the Michigan Department of Health and Human Services, and provides housing assistance in our Detroit Location as well.

Additionally, our services have had a significant impact in the Southeastern Michigan region and on people at risk for or living with HIV. HIV prevention and education were provided to just over 3,800 community members through various outreach efforts. In addition, 1,103 HIV tests were provided, 597 clients received medical case management services, 460 community members received health insurance enrollment assistance, 322 clients were screened for smoking cessation services, 273 individuals received harm reduction and overdose prevention



services, and more than 34,000 pounds of food was distributed through UHHB's Conover food pantry based in its Ypsilanti service location.

**c. history in managing other rental property including conditions of buildings;**

Our organization does not have a history of managing rental properties. This is not a service provided by UHHB. We are focused on providing financial assistance to those looking to secure stable housing.

**d. applicant's performance on other similar projects, or unique or special organizational characteristics which would indicate the capacity to carry out housing activities; and**

**e. financial information on organization:**

- i. **If Annual Total Organizational Revenue of \$500,000+:** please attach your most recent independent financial audit and SAS114, and 115 if applicable, to this application.
  - i. See attachment
- ii. **If Annual Total Organizational Revenue of \$250,000 or more and less than \$500,000:** the Housing and Human Services Advisory Board (HHSAB) would prefer that you attach your most recent independent financial audit and SAS114, and 115 if applicable, to this application. If an audit is not conducted, then please attach an independent financial review to this application.
  - i. Not applicable
- iii. **If Annual Total Organizational Revenue of less than \$250,000:** the Housing and Human Services Advisory Board (HHSAB) would prefer that you attach your most recent independent financial audit and SAS114, and 115 if applicable, or an independent financial review to this application. If neither of these is conducted then please attach your most recent Board approved fiscal year financial statements and IRS submission to this application.
  - i. Not applicable
- iv. Attach your most recent 2 years of Form 990s as submitted to the IRS to this application.
  - i. See attached
- v. Attach copies of your current and prior year Board-approved agency budget and current and prior year-end financial statements to this application.
  - i. See attached
- vi. Attach a copy of your current reserve policy to this application.
  - i. UHHB currently does not have a final approved reserve policy by our Board of Directors

4. Financial Budget Justification- see attached

<b><u>Budget Category</u></b>		<b><u>Amount</u></b>
Salary & Wages	\$	30,800.00
Fringe Benefits	\$	5,852.00
Travel	\$	1,047.48
Supplies and Materials	\$	200.00
Contractual	\$	-
Equipment	\$	-
Other Expenses	\$	81,500.00
Administrativ Expenses	\$	11,939.95
Total Program Expenses	<b>\$</b>	<b>131,339.4</b>

**Details****Salary & Wages**

President/CEO .1 FTE	\$	9,200.00
Housing Specialist .6 FTE	\$	21,600.00

**Fringe Benefits**

Includes: Health, Dental, Vision, LTD, Life Ins., WC, 401k, FICA, SUI Fringe Rate of 19%	\$	5,852.00
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**Travel**

Staff will transport clients to focus groups and meetings, facilitate the professional services of fitness experts, dieticians and others to accomplish program objectives

1806 Miles X \$0.58 per mile	\$	1,047.48
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**Supplies and Materials**

Office Supplies	\$	200.00
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**Other Expenses**

Housing Assistance- 5 Households at \$950 each for 12 Months	\$	57,000.00
Eviction Prevention-10 Households at \$950 each	\$	9,500.00
Tax Foreclosure Prevention- 5 Households at \$2,000	\$	10,000.00
Financial and Housing Education and Referral	\$	5,000.00

**Equipment**

<b>Direct Expenses</b>	\$	119,399.48
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<b>Administration Rate 10%</b>	\$	11,939.95
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<b>Total</b>	\$	131,339.43
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UNIFIED  
Proposed 2019\_2020 budget

	<b>Approved 2018/2019 Budget</b>	<b>Preliminary 2019/2020 Budget</b>
<b>REVENUE</b>		
Public/Government Grants	\$ 3,606,908	\$ 3,250,000
Foundation Revenue	\$ 6,000	\$ 6,000
United Way Revenue	\$ 17,863	\$ 18,000
Other Grants	\$ 30,000	\$ 20,000
Private Grants	\$ -	\$ -
Corporate Contributions	\$ 14,000	\$ 14,000
Contributions - Individuals	\$ 7,000	\$ 7,000
Sub-Lease Revenue	\$ -	\$ -
Fees for Service	\$ 7,500	\$ 200
Fundraising	\$ 71,365	\$ 71,365
In kind		
Interest Income	\$ -	\$ 3,000
Indirect Support		
	<hr/>	<hr/>
TOTAL REVENUE	\$ 3,760,637	\$ 3,389,565
<b>EXPENSES</b>		
Salaries	\$ 2,176,289	\$ 1,952,351
Payroll Taxes	\$ 184,438	\$ 173,759
Employee benefits	\$ 224,924	\$ 156,188
	<hr/>	<hr/>
Other Expenses	\$ 2,585,651	\$ 2,282,298
Client assistance	\$ 220,000	\$ 220,000
Accounting & legal fees	\$ 75,000	\$ 75,000
Supplies	32,141	\$ 30,000
Supplies - Program	\$ 50,000	\$ 50,000
Telephone and Communications	\$ 45,000	\$ 45,000
Postage and shipping	\$ 5,000	\$ 5,000
Occupancy	\$ 180,000	\$ 180,000
Equipment Leases	\$ 25,000	\$ 18,000
Deprecation	\$ 5,200	\$ -
Fundraising Expense	\$ 35,000	\$ 35,000
Travel/Mileage	\$ 113,700	\$ 110,000
Conferences, conventions & meetings	50,000	\$ 50,000
Interest & Finance Charges	\$ 500	\$ 250
Purchase Equipment	\$ -	\$ -
Insurance	\$ 30,000	\$ 30,000
Professional affiliations	\$ -	\$ -
Consulting and other Services	\$ 54,500	\$ 54,500
Stipends & Incentives	\$ 35,000	\$ 35,000
Speaker Fees	-	\$ -
Professional Medical Fees	\$ 105,000	\$ 105,000
Licenses & fees	\$ 25,000	\$ 25,000
Detroit office move	10,000	\$ -
Donated Services	\$ -	\$ -
Printing and advertising	\$ 30,000	\$ 30,000
	<hr/>	<hr/>
TOTAL EXPENSES	\$ 3,711,692	\$ 3,380,048
INCREASE (DECREASE) IN NET ASSETS	\$ 48,945	\$ 9,517

**WELLNESS NETWORKS, INC. D/B/A  
UNIFIED HIV HEALTH AND BEYOND**

AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

Year ended June 30, 2018

**WELLNESS NETWORKS, INC.  
D/B/A UNIFIED HIV HEALTH AND BEYOND**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Wellness Networks, Inc.  
d/b/a Unified HIV Health and Beyond

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

We have audited the accompanying financial statements of Wellness Networks, Inc., d/b/a Unified HIV Health and Beyond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statement of activities, functional expenses, 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 audits. We conducted our audits 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.

To the Board of Directors  
of Wellness Networks, Inc.  
d/b/a Unified HIV Health and Beyond  
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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 Unified HIV Health and Beyond as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (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.

To the Board of Directors  
of Wellness Networks, Inc.  
d/b/a Unified HIV Health and Beyond  
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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*UHY LLP*

Farmington Hills, Michigan  
March 22, 2019

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 260,821
Accounts receivable	554,206
Prepaid expenses	<u>34,024</u>

Total current assets	<u>849,051</u>
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**NON-CURRENT ASSETS**

Beneficial interest	110,623
Property and equipment, net	20,544
Security deposits	<u>12,803</u>

Total non-current assets	<u>143,970</u>
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Total assets	<u><u>\$ 993,021</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 67,937
Accrued payroll and withholdings	194,015
Deferred grants and refundable advances	10,733
Other current liabilities	18,965
Capital lease obligation, current portion	<u>3,130</u>

Total current liabilities	<u>294,780</u>
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**NET ASSETS**

Unrestricted:	
Undesignated	437,732
Board designated	<u>110,623</u>

Total unrestricted net assets	<u>548,355</u>
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Temporarily restricted	<u>149,886</u>
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Total net assets	<u>698,241</u>
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Total liabilities and net assets	<u><u>\$ 993,021</u></u>
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**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Governmental agency contracts	\$ 3,003,884	\$ -	\$ 3,003,884
Contributions and other support	166,189	30,000	196,189
Special fundraising events - net	39,804	-	39,804
Gain on beneficial interest - net	4,301	-	4,301
Other income	11,510	-	11,510
Program service fee	7,780	-	7,780
	<u>3,233,468</u>	<u>30,000</u>	<u>3,263,468</u>
Total revenues and support			
	<u>3,233,468</u>	<u>30,000</u>	<u>3,263,468</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>37,518</u>	<u>(37,518)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services			
Client care and support services	1,647,871	-	1,647,871
Prevention and education	1,326,130	-	1,326,130
	<u>2,974,001</u>	<u>-</u>	<u>2,974,001</u>
Total program services			
	<u>2,974,001</u>	<u>-</u>	<u>2,974,001</u>
Supporting services			
Management and general	148,688	-	148,688
Fundraising	36,905	-	36,905
	<u>185,593</u>	<u>-</u>	<u>185,593</u>
Total supporting services			
	<u>185,593</u>	<u>-</u>	<u>185,593</u>
Total expenses	<u>3,159,594</u>	<u>-</u>	<u>3,159,594</u>
<b>CHANGE IN NET ASSETS</b>	<u>111,392</u>	<u>(7,518)</u>	<u>103,874</u>
<b>NET ASSETS, beginning of year</b>	<u>436,963</u>	<u>157,404</u>	<u>594,367</u>
<b>NET ASSETS, end of year</b>	<u>\$ 548,355</u>	<u>\$ 149,886</u>	<u>\$ 698,241</u>

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2018

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Support Services</u>	<u>Total Functional Expenses</u>
	<u>Client Care and Support Services</u>	<u>Prevention and Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and wages	\$ 953,387	\$ 777,330	\$ 1,730,717	\$ 38,903	\$ 2,464	\$ 41,367	\$ 1,772,084
Payroll taxes	88,089	71,522	159,611	9,201	196	9,397	169,008
Employee benefits	83,382	67,987	151,369	3,402	216	3,618	154,987
Gain on beneficial interest - net	188,546	88,933	277,479	10,736	19,742	30,478	307,957
Occupancy	97,263	66,217	163,480	9,632	2,900	12,532	176,012
Transportation	96,017	57,742	153,759	2,595	111	2,706	156,465
Supplies and materials	21,246	60,362	81,608	6,112	4,015	10,127	91,735
Miscellaneous	3,598	-	3,598	56,236	-	56,236	59,834
Telephone and communications	24,897	29,907	54,804	422	1,124	1,546	56,350
Donated services expense	25,808	25,808	51,616	-	-	-	51,616
Meetings and conferences	6,017	26,697	32,714	2,073	1,502	3,575	36,289
Client assistance	29,846	4,618	34,464	-	-	-	34,464
Equipment lease and maintenance	13,420	13,657	27,077	-	355	355	27,432
Licenses and fees	5,058	6,141	11,199	6,339	3,568	9,907	21,106
Insurance	6,842	12,661	19,503	509	591	1,100	20,603
Advertising and promotion	1,030	16,548	17,578	-	121	121	17,699
Depreciation and amortization	3,020	-	3,020	2,502	-	2,502	5,522
Interest	405	-	405	26	-	26	431
<b>Total expenses</b>	<b>\$ 1,647,871</b>	<b>\$ 1,326,130</b>	<b>\$ 2,974,001</b>	<b>\$ 148,688</b>	<b>\$ 36,905</b>	<b>\$ 185,593</b>	<b>\$ 3,159,594</b>

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2018

**OPERATING ACTIVITIES**

Change in net assets	\$ 103,874
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:	
Depreciation and amortization	5,522
Net gain on beneficial interest in trust	(6,652)
Change in operating assets and liabilities:	
Accounts receivable	(36,951)
Prepaid expenses	(1,526)
Security deposits	(2,500)
Accounts payable	11,295
Accrued payroll and withholdings	14,423
Deferred grants and refundable advances	(17,500)
Other current liabilities	18,965
	<u>88,950</u>
Net cash provided by operating activities	<u>88,950</u>

**INVESTING ACTIVITIES**

Proceeds from trust fund	2,351
Purchase of property and equipment	(8,548)
	<u>(6,197)</u>
Net cash used by investing activities	<u>(6,197)</u>

**FINANCING ACTIVITIES**

Payments on capital lease	(3,902)
	<u>(3,902)</u>

**CHANGE IN CASH**

78,851

**CASH**, beginning of year

181,970

**CASH**, end of year

\$ 260,821

**Supplemental Disclosure of Cash Flow Information**

Cash paid during the year for interest	<u><u>\$ 430</u></u>
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**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond (the Organization) is a Michigan nonprofit organization exempt from federal income taxes under Section 501(c)(3) on the Internal Revenue Code as an organization that is not a private foundation whose sources of revenues are derived principally from grants, public contributions, and fund raising events. The Organization is a resource center for information, referral, educational, and support services in response to the AIDS epidemic.

The Organization's program and supporting services are as follows:

**Program Services**

Client Care and Support Services (inclusive of treatment adherence) – Medical Case Managers provide client centered services that link clients with health care, psychosocial, and other supportive services. Medical Case Managers work with clients on decreasing societal barriers that keep them from attending medical appointments, taking medications and adhering to all aspects of their medical care.

Prevention and Education – The Organization's staff and volunteer's provide HIV counseling, testing and referral services at various locations in southeastern Michigan as well as HIV prevention interventions designed to reduce the acquisition and/ or transmission of HIV/AIDS to targeted populations.

**Management and General**

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support to the Organization's programs, and manage the financial and budgeting responsibilities of the Organization.

**Fund Raising**

This provides the structure necessary to encourage and secure support from individuals, foundations and government agencies.

**Basis of Presentation**

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Unrestricted Net Assets - net assets that are not subject to “donor-imposed” time or purpose restrictions.

Temporarily Restricted Net Assets – net assets subject to “donor imposed” restrictions that may or will be met by actions of the Organization and/or the passage of time. Restrictions that expire with the passage of time or can be removed by accomplishing certain requirements are classified as temporarily restricted net assets.

Permanently Restricted Net Assets – net assets subject to “donor imposed” restrictions that they be maintained in perpetuity. Restrictions that require an asset be invested and only allow the income to be used are classified as permanently restricted net assets. The Organization has no permanently restricted net assets at June 30, 2018.

Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Board Designated Net Assets – net assets designated for endowment. These designations are based on actions by the Board of Directors, which can be altered or revoked at a future time. Such assets are reported under unrestricted net assets.

**Use of Estimates**

The preparation of the 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 reported period. Actual results could differ from those estimates.

**Accounts Receivable**

The Organization considers accounts receivable to be fully collectible at June 30, 2018 accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful life of five years. The Organization’s policy is to capitalize acquisitions of \$5,000 or more when funded by governmental agency contracts and \$1,000 or more for all other funded acquisitions. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Support**

Revenue from governmental grant awards under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the grant, revenue and accounts receivable are recorded in the period during which the expenses are incurred. In cases where grant funds are received in advance of incurring the expenses, deferred revenue is recorded in the period during which the advance is received and recognized as income when the related expenses are incurred.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

The Organization 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of 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. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization receives donated services from various organizations and individuals in order to accomplish its program objectives. Contributions of donated services that create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values and are reflected in the financial statements as support. The Organization received professional legal services as in-kind contributions valued at \$51,904, which was recorded in the accompanying statement of activities for the year ended June 30, 2018.

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

The Organization has accrued paid time off (PTO) earned but unused by employees as of June 30, 2018.

**Functional Classification of Expenses**

Direct Expenses, which can be clearly defined as incurred for a specific program, are charged to that program. The Organization allocates common expenses to program and supporting services based in time studies by management.

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At June 30, 2018, there were no uncertain tax positions that required accrual.

**Subsequent Events**

The Organization had performed a review of events subsequent to the Statement of Financial Position through March 22, 2019, the date of the financials were available to be issued.

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 2 – FAIR VALUE MEASUREMENTS**

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the abilities to access.

Level 2            Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Beneficial interest: Valued at accumulated unit value of units held by the Organization at year end.

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 2 – FAIR VALUE MEASUREMENTS (Continued)**

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes the Organization's inputs used to determine their values on June 30, 2018:

	June 30, 2018			Total
	Level 1	Level 2	Level 3	
Assets:				
Beneficial interest	\$ -	\$ 110,623	\$ -	\$ 110,623

**NOTE 3 – PROPERTY AND EQUIPMENT**

At June 30, 2018, property and equipment consist of the following:

Office equipment	\$ 23,759
Computers and software	18,726
Furnitures and fixtures	15,922
Vehicles	11,805
Leasehold improvements	8,548
Land	4,000
	<u>82,760</u>
Less: Accumulated depreciation and amortization	<u>62,216</u>
	<u>\$ 20,544</u>

Depreciation and amortization expense totaled \$5,522 for the year ended June 30, 2018.

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 4 – LEASE COMMITMENTS**

**Capital Leases**

The Organization was the lessee of certain equipment held under capital lease. Accordingly, the equipment had been recorded as assets and the capital lease obligations recorded as a liability at the present value of the future minimum lease payments. The lease started on May 2014 and matures on April 2019. Assets are depreciated over the estimated productive life.

Depreciation charged to expense on assets held under capital leases for the year ended June 30, 2018 was \$3,612. There is no interest related to the capital leases for the year ended June 30, 2018.

Future minimum lease payments required under the capital lease are \$3,130 scheduled for the year ended June 30, 2019 to fulfill the lease commitment.

**Operating Leases**

The Organization leases office facilities and equipment expiring on various dates through 2023.

Future minimum lease payments are as follows for the years ending June 30:

<u>Year ending December 31,</u>	<u>Amount</u>
2019	\$ 163,833
2020	22,695
2021	10,195
2022	10,195
2023	<u>3,249</u>
	<u>\$ 210,167</u>

Rental expense was approximately \$166,945 for the year ended June 30, 2018.

The Organization subleased space. The sublease was terminated on November 2017. Rental income from the sublease was \$9,800 for the year ended June 30, 2018.

**NOTE 5 – LINE OF CREDIT**

The Organization obtained a line of credit from a financial institution in the amount of \$100,000 by the Organization's assets. At June 30, 2018, the Organization has the full amount of the credit available.

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 6 – BENEFICIAL INTEREST IN TRUST**

The Organization previously entered into an agreement with the Community Foundation for Southeast Michigan (Foundation) to establish a trust fund. The fund was created with the proceeds from an unrestricted contribution of \$108,000 that the Organization had received. The fund is held and administered by the Community Foundation of Southeastern Michigan (Foundation), a Michigan nonprofit corporation classified as a tax-exempt Agency with Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The purpose of the fund is to support future operations and programs of Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond and will be distributed to the Organization in the form of grants from the Foundation as determined by the Foundation’s Board of Trustees.

ASC topic Not-for-Profits Investments establishes standards for transactions in which a not-for-profit Agency accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. ASC topic Not-for-Profits Investments specifically requires that if a not-for-profit Agency establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the not-for-profit Agency must account for the transfer of such assets as an asset, and not recognize the transfer as a contribution made. The Organization refers to such transfers as beneficial interest.

At June 30, 2018, the Organization's entire beneficial interest fund, administered by the Community Foundation of Southeastern Michigan, had a fair value of \$110,623. The portion of the fund contributed by the Organization directly is considered a reciprocal transfer and is recorded as an asset because the Organization is also the beneficiary of the fund.

Contributions made by unrelated third party donors are considered to be made to the Foundation and are not part of the Organization's net assets. In accordance with ASC topic Not-for-Profits Investments, this portion of the fund investments are not reflected in the Organization’s financial statements. The market value of this portion of the fund was \$187,545 at June 30, 2018.

As of June 30, 2018, the trust fund’s balance is as follows:

Balance at July 1, 2017	\$	106,322
Change in investment		7,771
Grants paid		(2,351)
Fees		(1,119)
		<hr/>
Balance at June 30, 2018	\$	<u>110,623</u>

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 7 – RETIREMENT PLAN**

The Organization maintains a 401(k) profit sharing plan covering substantially all employees. Employees may contribute up to the maximum IRS allowable amount. Employer contributions are not required under the plan.

**NOTE 8 – ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year are as follows:

Purpose restriction accomplished:		
Research Program	\$	5,602
Coalition Building		23,788
Positive Organizing		<u>8,128</u>
	\$	<u><u>37,518</u></u>

**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2018, temporarily restricted net assets consist of cash and are available for the following:

Purpose restriction:		
Research Program	\$	80,081
Affordable Housing		30,000
Coalition Building		12,583
Black Adolescent MSM Initiative		13,889
Positive Organizing		<u>13,333</u>
	\$	<u><u>149,886</u></u>

**NOTE 10 – SPECIAL EVENTS**

For the year ended June 30, 2018, special events revenue from Dining for Dollars, AIDS Walk and other activities was \$48,335 with related expenses of \$8,531.

**WELLNESS NETWORKS, INC.**  
**D/B/A UNIFIED HIV HEALTH AND BEYOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**

**NOTE 11 – CONCENTRATION OF CASH BALANCES**

The Organization maintains cash balances in two financial institutions in Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At June 30, 2018, the cash balances were fully insured.

**NOTE 12 – CONCENTRATIONS**

The Organization received approximately 92% of its revenue from direct and indirect federal grant awards

**NOTE 13 – CONTINGENCY**

In the normal course of operations, there could be outstanding contingent liabilities resulting from lawsuits, governmental agency assessments, etc., which are not known to the Organization and therefore have not been reflected in the accompanying financial statements. The Organization's management is of the opinion that such liabilities, if any, will either be immaterial or the Organization's insurance coverage is adequate to cover any potential losses.

**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 of  
Wellness Networks, Inc.  
d/b/a Unified HIV Health and Beyond

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 Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond'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 Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's internal control.

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

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

To the Board of Directors of  
Wellness Networks, Inc.  
d/b/a Unified HIV Health and Beyond  
Page Two

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's financial statements are free of 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.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

Farmington Hills, Michigan  
March 22, 2019

**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 of  
Wellness Networks, Inc.  
d/b/a Unified HIV Health and Beyond

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

We have audited Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's major federal programs for the year ended June 30, 2018. Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond'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 Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond'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 Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's compliance.

To the Board of Directors of  
Wellness Networks, Inc.  
d/b/a Unified HIV Health and Beyond  
Page Two

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

In our opinion, Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond 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 Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond'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 Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond'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

To the Board of Directors of  
Wellness Networks, Inc.  
d/b/a Unified HIV Health and Beyond  
Page Three

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be material weakness.

Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Wellness Networks, Inc. d/b/a Unified HIV Health and Beyond's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*UHY LLP*

Farmington Hills, Michigan  
March 22, 2019

WELLNESS NETWORKS, INC. d/b/a  
UNIFIED HIV HEALTH AND BEYOND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Grant Period</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services</b>				
Passed through Southeastern Michigan Health Associates:				
HIV Emergency Relief Project Grants	03/01/2017 - 02/28/2018	93.914		\$ 780,366
HIV Emergency Relief Project Grants	03/01/2018 - 09/30/2018	93.914		335,635
Subtotal				<u>1,116,001</u>
Passed through Southeastern Michigan Health Associates:				
HIV Care Formula Grants	03/01/2017 - 09/30/2017	93.917		40,094
HIV Care Formula Grants	10/01/2017 - 09/30/2018	93.917		37,203
Passed through Michigan Department of Health and Human Services:				
HIV Care Formula Grants	10/01/2016 - 09/30/2017	93.917	E20170326-00	150,335
HIV Care Formula Grants	10/01/2017 - 09/30/2018	93.917	E20180096-00	385,156
HIV Care Formula Grants	10/01/2016 - 09/30/2017	93.917	E20170329-001	24,142
HIV Care Formula Grants	10/01/2017 - 09/30/2018	93.917	E20180024-002	75,227
HIV Care Formula Grants	10/01/2016 - 09/30/2017	93.917	E20170327-00	30,266
HIV Care Formula Grants	10/01/2017 - 09/30/2018	93.917	E20180027-00	81,668
HIV Care Formula Grants	10/01/2016 - 09/30/2017	93.917	E20170330-00	31,860
HIV Care Formula Grants	10/01/2017 - 09/30/2018	93.917	E20180084-001	70,640
Subtotal				<u>926,591</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	10/01/2016 - 09/30/2017	93.977	E20172389-00	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	10/01/2017 - 09/30/2018	93.977	E20180714-00	2,594
Subtotal				<u>2,594</u>
HIV Prevention Activities Health Department Based	03/01/2017 - 09/30/2017	93.940	E20172682-00	337
HIV Prevention Activities Health Department Based	10/01/2017 - 09/30/2018	93.940	E20180029-00	1,012
HIV Prevention Activities Health Department Based	10/01/2016 - 09/30/2017	93.940	E20170331-00	88,547
HIV Prevention Activities Health Department Based	10/01/2017 - 09/30/2018	93.940	E20180099-003	212,109
HIV Prevention Activities Health Department Based	10/01/2016 - 09/30/2017	93.940	E20170333-00	31,049
HIV Prevention Activities Health Department Based	10/01/2017 - 09/30/2018	93.940	E20180100-001	108,067
Subtotal				<u>441,121</u>
Passed through Community Mental Health Partnership:				
Block Grants for Prevention and Treatment of Substance Abuse	10/01/2016 - 09/30/2017	93.959	2749	11,741
Block Grants for Prevention and Treatment of Substance Abuse	10/01/2017 - 09/30/2018	93.959	2749.2	99,481
Subtotal				<u>111,222</u>
<b>Total Department of Health and Human Services</b>				<u>2,597,529</u>
<b>Department of Housing and Urban Development</b>				
Passed through Michigan Department of Community Health:				
Housing Opportunities for Persons with AIDS	10/01/2016-09/30/2017	14.241	E20170328-00	34,909
Housing Opportunities for Persons with AIDS	10/01/2017-09/30/2018	14.241	E20180187-001	87,014
Subtotal				<u>121,923</u>
Passed through Washtenaw County:				
Community Development Block Grants/Entitlement Grants		14.218	50407	20,000
<b>Total Department of Housing and Urban Development</b>				<u>141,923</u>
<b>Total Federal Awards</b>				<u>\$ 2,739,452</u>

**WELLNESS NETWORKS, INC. D/B/A  
UNIFIED HIV HEALTH AND BEYOND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2018**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal grant activity of Wellness Networks, Inc. d/ba Unified HIV Health and Beyond (the “Organization”) 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operations of Unified HIV Health and Beyond, it is not intended to and does not present the financial position, changes in assets or cash flows of the Organization.

**NOTE – 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE – 3 SUB-RECIPIENTS**

The Organization did not provide federal awards to sub-recipients for the year ended June 30, 2018.

**NOTE – 4 INDIRECT COST RATE**

The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the uniform guidance.

**NOTE – 5 SUBSEQUENT EVENTS**

All subsequent events relative to the major programs were evaluated through March 22, 2019 the date the accompanying reports were available to be issued.

**WELLNESS NETWORKS, INC. D/B/A  
UNIFIED HIV HEALTH AND BEYOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2018**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported
- Noncompliance material to the financial statements noted?  Yes  No

*Federal Awards*

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

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

CFDA# 93.940 – HIV Prevention Activities Health Department Based  
CFDA# 93.959 – Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee?  Yes  No

**WELLNESS NETWORKS, INC. D/B/A  
UNIFIED HIV HEALTH AND BEYOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year ended June 30, 2018**

**FEDERAL PROGRAM AUDIT FINDING**

Reference  
Number

Findings

2018-001

**CFDA Number, Federal Agency, and Program Name –**  
CFDA# 93.940, Department of Health and Human Services, HIV  
Prevention Activities Health Department Based

**Federal Award Identification Number and Year –**

E20172682-00 (March 1, 2017 - September 30, 2017),  
E20180029-00 (October 1, 2017 – September 30, 2018),  
E20170331-00 (October 1, 2016 - September, 30, 2017),  
E20180099-003 (October 1, 2017 – September 30, 2018),  
E20170333-00 (October 1, 2016 – September 30, 2017) and  
E20180100-001(October 1, 2017 – September 30, 2018)

**Pass-through Entity –** Michigan Department of Health and  
Human Services

**Finding Type –** Material Weakness

**Repeat Finding -** No

**Criteria –** In accordance with 2 CFR 200.318, the non-Federal  
entity must use its own documented procurement procedures  
which reflect applicable State, local, and tribal laws and  
regulations, provided that the procurements conform to applicable  
Federal law and the standards identified in this part. In addition,  
non-Federal entities must maintain oversight to ensure that  
contractors perform in accordance with the terms, conditions, and  
specifications of their contracts or purchase orders. Finally, the  
non-Federal entity must maintain records sufficient to detail the  
history of procurement. These records will include, but are not  
necessarily limited to the following: rationale for the method of  
procurement, selection of contract type, contractor selection or  
rejection, and the basis for the contract price.

**Condition –** During our testing over Procurement, Suspension,  
and Debarment compliance requirement, we noted that the  
Organization did not maintain a written procurement policy as  
required by the Uniform Guidance. In addition, the Organization  
did not maintain records of the history of such procurement  
process.

**Question Cost –** None

**WELLNESS NETWORKS, INC. D/B/A  
UNIFIED HIV HEALTH AND BEYOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year ended June 30, 2018**

**FEDERAL PROGRAM AUDIT FINDING (Continued)**

**Reference  
Number**

**Findings**

2018-001

**Identification of How Questioned Cost Were Computed** – Not applicable, as there are no questioned costs.

**Cause/Effect** – Procurement standards were not followed.

**Recommendation** – We recommend the Organization develops a written procurement policy that complies with the Uniform Guidance requirements. In addition, the Organization should identify areas where internal controls should be implemented to include monitoring of compliance with procurement standards.

**View of Responsible Officials and Corrective Action Plan** – Procurement standards followed for this grant were established in early 2017 under the prior Chief Executive Officer. Documentation supporting the procurement process and variation from that in the contract could not be located. The new Chief Executive Officer is reviewing and updating all grant requirements, including procurement. Updates are scheduled to be completed by June 30, 2019.

**WELLNESS NETWORKS, INC. D/B/A  
UNIFIED HIV HEALTH AND BEYOND  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year ended June 30, 2018**

There were no prior audit findings for the Organization.