



AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2016

AYUDA, INC.

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FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2015**

AYUDA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ayuda, Inc.
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Ayuda, Inc., which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and change in net assets, 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 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 Ayuda, Inc. as of September 30, 2016, and the change 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.

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRFCA.COM

Report on Summarized Comparative Information

We have previously audited Ayuda, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on pages I-(13 - 14), 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* (Uniform Guidance), 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2017 on our consideration of Ayuda, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Ayuda, Inc.'s internal control over financial reporting and compliance.



January 25, 2017

AYUDA, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 716,034	\$ 454,260
Grants receivable	316,029	460,601
Pledges receivable, net of allowance for doubtful accounts	20,830	46,105
Prepaid expenses	<u>52,369</u>	<u>54,851</u>
Total current assets	<u>1,105,262</u>	<u>1,015,817</u>
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Furniture, equipment and leasehold improvements	66,765	94,815
Less: Accumulated depreciation and amortization	<u>(49,296)</u>	<u>(71,880)</u>
Net furniture, equipment and leasehold improvements	<u>17,469</u>	<u>22,935</u>
OTHER ASSETS		
Deposits and other assets	31,984	31,984
Pledges receivable, net of current maturities, allowance for doubtful accounts, and present value discount	<u>10,540</u>	<u>19,336</u>
Total other assets	<u>42,524</u>	<u>51,320</u>
TOTAL ASSETS	<u>\$ 1,165,255</u>	<u>\$ 1,090,072</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Capital lease	\$ -	\$ 4,652
Accounts payable and accrued liabilities	83,665	55,633
Accrued salaries and other payroll liabilities	45,564	47,311
Deferred rent	<u>12,726</u>	<u>-</u>
Total current liabilities	<u>141,955</u>	<u>107,596</u>
LONG-TERM LIABILITIES		
Capital lease, net of current portion	-	1,981
Deferred rent, net of current portion	<u>100,817</u>	<u>117,807</u>
Total long-term liabilities	<u>100,817</u>	<u>119,788</u>
Total liabilities	<u>242,772</u>	<u>227,384</u>
NET ASSETS		
Unrestricted	347,417	251,131
Temporarily restricted	<u>575,066</u>	<u>611,557</u>
Total net assets	<u>922,483</u>	<u>862,688</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,165,255</u>	<u>\$ 1,090,072</u>

AYUDA, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Foundation grants	\$ 53,170	\$ 666,811	\$ 719,981	\$ 1,085,330
Government grants	1,454,479	148,250	1,602,729	1,688,845
Program service fees	613,856	-	613,856	669,644
In-kind contributions	1,563,810	-	1,563,810	2,609,079
Contributions	78,680	-	78,680	79,714
Indirect contributions	20,663	-	20,663	22,889
Special events	104,224	-	104,224	71,120
Miscellaneous	225	-	225	361
Net assets released from donor imposed restrictions	851,552	(851,552)	-	-
Total revenue	4,740,659	(36,491)	4,704,168	6,226,982
EXPENSES				
Program Services	4,289,383	-	4,289,383	5,619,948
General and Administrative	75,124	-	75,124	151,630
Fundraising	279,866	-	279,866	322,113
Total expenses	4,644,373	-	4,644,373	6,093,691
Change in net assets	96,286	(36,491)	59,795	133,291
Net assets at beginning of year	251,131	611,557	862,688	729,397
NET ASSETS AT END OF YEAR	\$ 347,417	\$ 575,066	\$ 922,483	\$ 862,688

AYUDA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015	
	Program Services	General and Administrative	Fundraising	Total Expenses	Total Expenses
Salaries	\$1,516,858	\$ 26,874	\$ 162,629	\$1,706,361	\$1,878,894
Fringe benefits and taxes	243,345	5,317	30,255	278,917	290,296
Travel	21,580	1,889	4,042	27,511	31,167
Professional services	128,510	11,770	14,335	154,615	325,824
Accounting/audit	39,935	519	3,842	44,296	51,216
Technology support	21,402	284	1,901	23,587	25,734
Emergency fund	239,322	-	-	239,322	248,848
Equipment expense	11,859	-	1,145	13,004	16,628
Supplies	15,088	2,142	9,671	26,901	55,946
Dues and subscriptions	8,128	1,186	5,829	15,143	17,978
Interpreter fees	160,166	370	-	160,536	145,631
Insurance	21,283	111	836	22,230	21,076
Occupancy	248,556	104	23,752	272,412	267,206
Postage and delivery	12,357	490	4,267	17,114	17,165
Printing and advertising	6,923	58	11,365	18,346	15,644
Interest	-	343	-	343	768
Telephone and fax	20,537	270	1,967	22,774	20,962
Training and development	6,863	1,190	3,433	11,486	27,674
Depreciation and amortization	-	6,515	-	6,515	10,181
Licenses and permits	2,285	5,227	522	8,034	6,426
In-kind contributions	1,563,810	-	-	1,563,810	2,609,079
Miscellaneous	576	10,465	75	11,116	9,348
TOTAL	\$4,289,383	\$ 75,124	\$ 279,866	\$4,644,373	\$6,093,691

AYUDA, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 59,795	\$ 133,291
Adjustments to reconcile in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,515	10,181
(Increase) decrease in:		
Grants receivable	144,572	43,865
Pledges receivable	34,071	16,076
Prepaid expenses	2,482	(29,807)
Deposits and other assets	-	(3,600)
Increase (decrease) in:		
Accounts payable and accrued liabilities	28,032	12,470
Accrued salaries and other payroll liabilities	(1,747)	21,799
Deferred rent	<u>(4,264)</u>	<u>3,886</u>
Net cash provided by operating activities	<u>269,456</u>	<u>208,161</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(1,049)</u>	<u>(5,126)</u>
Net cash used by investing activities	<u>(1,049)</u>	<u>(5,126)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	<u>(6,633)</u>	<u>(5,911)</u>
Net cash used by financing activities	<u>(6,633)</u>	<u>(5,911)</u>
Net increase in cash and cash equivalents	261,774	197,124
Cash and cash equivalents at beginning of year	<u>454,260</u>	<u>257,136</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 716,034</u>	<u>\$ 454,260</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 343</u>	<u>\$ 768</u>

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Ayuda, Inc. is a not-for-profit organization, incorporated under the laws of the District of Columbia, providing legal, advocacy, empowerment and educational services that benefit low-income Latino and foreign-born families in the Washington, D.C. metropolitan area. These activities are funded primarily through foundation grants and public contributions.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Ayuda, Inc.'s financial statements for the year ended September 30, 2015, from which the summarized information was derived.

Cash and cash equivalents -

Ayuda, Inc. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Ayuda, Inc. maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and pledges receivable -

Grants receivable approximate fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Pledges receivable are recorded at their net realizable value, which approximate fair value. Pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. The allowance for doubtful accounts has been determined based a percentage of the total amount due.

Furniture, equipment and leasehold improvements -

Furniture, equipment and leasehold improvements are stated at cost. Furniture and equipment are depreciated on a straight-line basis over the estimated useful life of the related assets, generally five years. Leasehold improvements are amortized over the remaining life of the lease.

Depreciation and amortization expense for the year ended September 30, 2016 totaled \$6,515.

Ayuda, Inc. capitalizes all items over \$1,000. The cost of maintenance and repairs is recorded as expenses are incurred.

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Uncertain tax positions -

For the year ended September 30, 2016, Ayuda, Inc. has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Income taxes -

Ayuda, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Ayuda, Inc. is not a private foundation.

Net asset classification -

The net assets of Ayuda, Inc. are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operations of Ayuda, Inc. and include both internally designated and designated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by actions of Ayuda, Inc. and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Ayuda, Inc. receives funding under grants and contracts from the U.S. Government. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. Expenditures under government grants and contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants and contracts, Ayuda, Inc. will record such disallowance's at the time the final assessment is made.

In-kind contributions -

Ayuda, Inc. receives donated services from attorneys. These contributions are reflected in the financial statements as in-kind contributions, recorded at fair value, and charged to the programs benefited.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. PLEDGES RECEIVABLE

As of September 30, 2016, contributors to Ayuda, Inc. have made written pledges totaling \$33,988. Pledges due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate 3.5%.

The following is a summary of pledges receivable as September 30, 2016:

<u>Year Ending September 30,</u>	<u>Total</u>	<u>Allowance for Uncollectible Pledges</u>	<u>Discount to Present Value</u>	<u>Net</u>
2017	\$ 21,926	\$ 1,096	\$ -	\$ 20,830
2018	4,250	212	144	3,894
2019	3,312	166	220	2,926
2020	1,850	93	181	1,576
2021	1,550	77	199	1,274
Thereafter	<u>1,100</u>	<u>56</u>	<u>174</u>	<u>870</u>
	<u>\$ 33,988</u>	<u>\$ 1,700</u>	<u>\$ 918</u>	<u>\$ 31,370</u>

3. LINE OF CREDIT

Ayuda, Inc. has a \$200,000 bank line of credit, which matures April 8, 2017. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 1% (4.5% at September 30, 2016). There was no outstanding balance on this line of credit as of September 30, 2016. The lines are secured by cash held in accounts at the same financial institutions.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at September 30, 2016:

Program Services	\$ 298,186
General Support - Time Restricted	<u>276,880</u>
	<u>\$ 575,066</u>

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

5. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor-imposed restrictions by incurring expenses or by the passage of time, which satisfied the restricted purposes specified by the donors:

Program Services	\$ 418,650
General Support - Passage of Time	<u>432,902</u>
	<u>\$ 851,552</u>

6. LEASE COMMITMENTS

Ayuda, Inc. entered into a ten-year lease agreement, commencing August 7, 2011, for its Washington, D.C. office. Base rent starts with monthly installments of \$12,104, plus its share of operating expenses, and increases by 4% each anniversary date.

During 2013, Ayuda, Inc. entered into a new five-year lease agreement, commencing in April 2013, for office space in Falls Church, Virginia. Base rent starts with monthly installments of \$4,176, plus its share of operating expenses, and increases by 3% each anniversary date. Ayuda, Inc. received three months of rent abatement at the beginning of this lease.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the accompanying Statement of Financial Position.

Rent expense for the year ended September 30, 2016 for both leases totaled \$272,412, and is included in occupancy expense in the accompanying Statement of Functional Expenses.

At September 30, 2016, the future minimum lease payments under these lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2017	\$ 233,478
2018	213,212
2019	192,409
2020	200,105
2021	<u>172,276</u>
	<u>\$ 1,011,480</u>

7. CONTINGENCY

Ayuda, Inc. receives grants from various agencies of the United States Government. For fiscal years through September 30, 2015, such grants were subject to audit under the provisions of OMB Circular A-133. Beginning for fiscal year ended September 30, 2016, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

7. CONTINGENCY (Continued)

The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2016. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

8. RETIREMENT PLAN

Ayuda, Inc. offers a retirement benefit plan through a qualified 403(b) tax-deferred annuity plan covering all eligible employees. Under the plan, Ayuda, Inc. deducts a percentage for the employee's income each pay period, up to the legally allowed limit per the employee's election. The plan permits only employee salary reduction contributions and does not provide for any other contributions by the employer; thus, there was no retirement expense incurred during the year ended September 30, 2016.

9. SUBSEQUENT EVENTS

In preparing these financial statements, Ayuda, Inc. has evaluated events and transactions for potential recognition or disclosure through January 25, 2017, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

AYUDA, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed- Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Justice				
Domestic Violence and Sexual Assault Program	16.016	N/A	\$ -	\$ 151,937
Legal Immigration Assistance Program for Foreign-Born Victims of Human Trafficking	16.320	N/A	-	178,477
Office of Victim Crime - National Association of VOCA Assistance Administrators - National Crime Victims' Rights Week Community Awareness Project	16.582	16-184	-	3,174
Government of the District of Columbia, Office of Victims Services - Domestic Violence and Sexual Assault Program	16.588	VOW15F-15	-	286,217
Government of the District of Columbia, Office of Victims Services - Comprehensive Advocacy and Legal Services	16.575	CVA15F-15	<u>-</u>	<u>214,703</u>
Total Department of Justice			<u>-</u>	<u>834,508</u>
Department of Health and Human Services				
US Committee for Refugees and Immigrants - Home Study and Post Release Services for Unaccompanied Alien Children	93.676	90ZU0081	-	29,099
Vera Institute of Justice, Inc. - Unaccompanied Children Legal Services Project	93.676	N/A	-	152,801
US Committee for Refugees and Immigrants - Trafficking Victim Assistance Program	93.598	90ZV0123	<u>-</u>	<u>438,071</u>
Total Department of Health and Human Services			<u>-</u>	<u>619,971</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 1,454,479</u>

AYUDA, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Ayuda, Inc. under programs of the Federal government for the year ended September 30, 2016. The information in the 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 the Schedule presents only a selected portion of the operations of Ayuda, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Ayuda, Inc.

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, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Ayuda, Inc., has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

AYUDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting:

Unmodified

2). Internal control over financial reporting:

• Material weakness(es) identified?

Yes No

• Significant deficiency(ies) identified?

Yes None Reported

3). Noncompliance material to financial statements noted?

Yes No

Federal Awards

4). Internal control over major federal programs:

• Material weakness(es) identified?

Yes No

• Significant deficiency(ies) identified?

Yes None Reported

5). Type of auditor's report issued on compliance for major federal programs:

Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

7). Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program Title</u>
16.588	Domestic Violence and Sexual Assault Program
16.575	Comprehensive Advocacy and Legal Services

8). Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

9). Auditee qualified as a low-risk auditee?

X Yes No

AYUDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

Finding 2016-001: System for Award Management (SAM) Checks and Documentation

Federal Programs: 16.588 and 16.575

Criteria: Recipients of U.S. Government funds must adhere to the U.S. Government's requirements on screening all potential vendors, suppliers and subcontractors/grantees against the System for Award Management (SAM). The screening of all potential vendors, suppliers and subcontractors/grantees must be documented in writing.

Condition: During our audit, we noted Ayuda, Inc. performs the screening when a new contract is initiated and not on a recurring basis. Our audit procedures consisted of statistical sampling, as well as substantive testwork over a sample of expenditures that were selected based on a threshold. We consider our sample to be representative of the population.

Questioned Costs: None noted.

Context and Effect: The failure to properly perform the screening process increases the possibility that U.S. Government funds may inadvertently be provided to individuals or organizations that have been suspended, debarred or otherwise excluded from receiving Federal funds.

Cause: Ayuda, Inc. was screening vendors, consultants, subrecipients, etc. when the contract was initiated and not on a recurring basis.

Identification as a Repeat Finding, if Applicable: Not applicable.

Recommendation: We recommend management enhance its policies and procedures to screen vendors, consultants, subrecipients, etc. on a recurring basis.

Views of Responsible Officials and Planned Corrective Actions: We have updated our procurement policies to include conducting the SAM check on a recurring basis. Specifically, Ayuda program directors will conduct the SAM check to verify that new vendors are not debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs or activities and attach the confirmation page to the new signed contract. For recurring vendors, the staff accountant will annually verify that they are eligible to participate in federal assistance programs by completing a SAM check.



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

Independent Auditor's Report

To the Board of Directors
Ayuda, Inc.
Washington, D.C.

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 Ayuda, Inc. as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Ayuda, Inc.'s basic financial statements, and have issued our report thereon dated January 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ayuda, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ayuda, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ayuda, Inc.'s internal control.

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

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRFCPA.COM

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF HORWATH INTERNATIONAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

January 25, 2017

GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

Independent Auditor's Report

To the Board of Directors
Ayuda, Inc.
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited Ayuda, Inc.'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 Ayuda, Inc.'s major Federal programs for the year ended September 30, 2016. Ayuda, Inc.'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 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 Ayuda, Inc.'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 Ayuda, Inc.'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 Ayuda, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Ayuda, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2016.

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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 Finding 2016-001. Our opinion on each major federal program is not modified with respect to these matters. Ayuda, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Ayuda, Inc.'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 Ayuda, Inc. 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 Ayuda, Inc.'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 Ayuda, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-001, that we consider to be a significant deficiency.

Ayuda, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Ayuda, Inc.'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.



January 25, 2017