

COAI, INC.
(A Puerto Rico Non-Profit Organization)

Financial Statements

June 30, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Coai, Inc. (A Puerto Rico Non-Profit Organization)

Report on the Financial Statements

I have audited the accompanying financial statements of Coai, Inc. (a Puerto Rico Non-Profit Organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

To the Board of Directors of
Coai, Inc. (A Puerto Rico Non-Profit Organization)
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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coai, Inc. (a Puerto Rico Non-Profit Organization) as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



San Juan, Puerto Rico
October 3, 2015

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Teresa R. Figueroa Rodriguez

COAI, Inc.
(A Puerto Rico Non-Profit Organization)
Statement of Financial Position
June 30, 2015

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	<u>Unrestricted</u>	<u>Temporarily restricted</u>					
	<u>General Fund</u>	<u>"Ache"</u>	<u>"Ache HRSA"</u>	<u>"Ache del Oeste"</u>	<u>S.E.V.</u>	<u>Subtotal</u>	<u>Grand Total</u>
Cash	\$ 4,367	\$ 177	\$ 4,842	\$ 207	\$ 2,592	\$ 7,818	\$ 12,185
Accounts receivable, net	25,996	25,741	11,617	24,630	24,525	86,513	112,509
Prepaid expenses	1,210	-	100	3,021	-	3,121	4,331
Property and equipment - net	583	-	-	-	-	-	583
Other assets	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 32,156</u>	<u>\$ 25,918</u>	<u>\$ 16,559</u>	<u>\$ 27,858</u>	<u>\$ 27,117</u>	<u>\$ 97,452</u>	<u>\$ 129,608</u>
Liabilities and Net Assets							
Accounts payable	\$ 36,151	\$ 11,303	\$ 14,076	\$ 11,303	\$ 16,543	\$ 53,225	\$ 89,376
Accrued expenses	-	-	2,483	16,555	8,208	27,246	27,246
Other liabilities	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	36,151	11,303	16,559	27,858	24,751	80,471	116,622
Net assets:							
Unrestricted	(3,995)	-	-	-	-	-	(3,995)
Temporarily Restricted	-	14,615	-	-	2,366	16,981	16,981
	<u>(3,995)</u>	<u>14,615</u>	<u>-</u>	<u>-</u>	<u>2,366</u>	<u>16,981</u>	<u>12,986</u>
Total liabilities and net assets	<u>\$ 32,156</u>	<u>\$ 25,918</u>	<u>\$ 16,559</u>	<u>\$ 27,858</u>	<u>\$ 27,117</u>	<u>\$ 97,452</u>	<u>\$ 129,608</u>

See notes to financial statements

COAI, Inc.
(A Puerto Rico Non-Profit Organization)
Statement of Financial Position
June 30, 2014

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	<u>Unrestricted</u>		<u>Temporarily restricted</u>				
	<u>General Fund</u>	<u>"Ache"</u>	<u>"Ache HRSA"</u>	<u>"Ache del Oeste"</u>	<u>S.E.V.</u>	<u>Subtotal</u>	<u>Grand Total</u>
Cash	\$ 1,550	\$ 305	\$ 8,894	\$ 2,690	\$ 9,125	\$ 21,014	\$ 22,564
Accounts receivable, net	28,897	30,391	9,200	19,816	12,265	71,672	100,569
Prepaid expenses	1,210	-	-	6,533	-	6,533	7,743
Property and equipment - net	1,337	-	-	-	-	-	1,337
Other assets	-	-	-	-	-	-	-
Total Assets	\$ 32,994	\$ 30,696	\$ 18,094	\$ 29,039	\$ 21,390	\$ 99,219	\$ 132,213
Liabilities and Net Assets							
Accounts payable	\$ 35,670	\$ 15,953	\$ 16,052	\$ 15,953	\$ 16,425	\$ 64,383	\$ 100,053
Accrued expenses	186	-	2,042	13,086	2,941	18,069	18,255
Other liabilities	-	-	-	-	-	-	-
Total liabilities	35,856	15,953	18,094	29,039	19,366	82,452	118,308
Net assets:							
Unrestricted	(2,862)	-	-	-	-	-	(2,862)
Temporarily Restricted	-	14,743	-	-	2,024	16,767	16,767
	(2,862)	14,743	-	-	2,024	16,767	13,905
Total liabilities and net assets	\$ 32,994	\$ 30,696	\$ 18,094	\$ 29,039	\$ 21,390	\$ 99,219	\$ 132,213

See notes to financial statements

COAI, Inc.
(A Puerto Rico Non-Profit Organization)
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2015

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	Unrestricted	Temporarily restricted						
	General Fund	"Ache"	"Ache HRSA"	"Ache del Oeste"	Estudio de la Conducta	S.E.V.	Subtotal	Grand Total
Revenues:								
Grants	\$ 1,200	\$ -	\$ 64,436	\$ 209,850	\$ 99,536	\$ 48,980	\$ 422,802	\$ 424,002
Other contributions	22	-	-	-	-	9,600	9,600	9,622
Fund raising activities	15,223	-	-	-	-	-	-	15,223
Other revenues	7,295	-	-	-	-	-	-	7,295
	-	-	-	-	-	-	-	-
Total revenues	23,740	-	64,436	209,850	99,536	58,580	432,402	456,142
Expenses:								
Program services:								
"Ache"	-	128	-	-	-	-	128	128
"Ache HRSA"	-	-	64,436	-	-	-	64,436	64,436
"Ache del Oeste"	-	-	-	209,850	-	-	209,850	209,850
Estudio de la Conducta	-	-	-	-	99,536	-	99,536	99,536
S.E.V.	-	-	-	-	-	58,238	58,238	58,238
Administrative and General	12,503	-	-	-	-	-	-	12,503
Fund raising activities	12,370	-	-	-	-	-	-	12,370
Total expenses	24,873	128	64,436	209,850	99,536	58,238	432,188	457,061
Change in net assets	(1,133)	(128)	-	-	-	342	214	(919)
Net assets (deficiency), beginning of year	(2,862)	14,743	-	-	-	2,024	16,767	13,905
Net transfers between funds	-	-	-	-	-	-	-	-
Net assets (deficiency), end of year	\$ (3,995)	\$ 14,615	\$ -	\$ -	\$ -	\$ 2,366	\$ 16,981	\$ 12,986

See notes to financial statements

COAI, Inc.
(A Puerto Rico Non-Profit Organization)
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2014

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	Unrestricted	Temporarily restricted						
	General Fund	"Ache"	"Ache HRSA"	"Ache del Oeste"	"Estudio de la Conducta"	S.E.V.	Subtotal	Grand Total
Revenues:								
Grants	\$ 4,700	\$ -	\$ 63,789	\$ 211,879	\$ 79,935	\$ 67,371	\$ 422,974	\$ 427,674
Other contributions	100	-	-	-	-	9,600	9,600	9,700
Fund raising activities	43,530	-	-	-	-	-	-	43,530
Other revenues	9,175	-	-	-	-	-	-	9,175
	-	-	-	-	-	-	-	-
Total revenues	57,505	-	63,789	211,879	79,935	76,971	432,574	490,079
Expenses:								
Program services:								
"Ache"	-	126	-	-	-	-	126	126
"Ache HRSA"	-	-	63,681	-	-	-	63,681	63,681
"Ache del Oeste"	-	-	-	211,879	-	-	211,879	211,879
Estudio de la Conducta	-	-	-	-	79,935	-	79,935	79,935
S.E.V.	-	-	-	-	-	76,971	76,971	76,971
Administrative and General	14,537	-	-	-	-	-	-	14,537
Fund raising activities	16,355	-	-	-	-	-	-	16,355
Total expenses	30,892	126	63,681	211,879	79,935	76,971	432,592	463,484
Change in net assets	26,613	(126)	108	-	-	-	(18)	26,595
Net assets (deficiency), beginning of year	(29,475)	14,869	(108)	-	-	2,024	16,785	(12,690)
Net transfers between funds	-	-	-	-	-	-	-	-
Net assets (deficiency), end of year	\$ (2,862)	\$ 14,743	\$ -	\$ -	\$ -	\$ 2,024	\$ 16,767	\$ 13,905

See notes to financial statements

Coai, Inc.
(A Puerto Rico Non-Profit Organization)
Statements of Cash Flows

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Years Ended June 30, 2015 and 2014

Cash flows from operating activities:	<u>2015</u>	<u>2014</u>
Change in net assets:	\$ (919)	\$ 26,595
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,601	3,505
Changes in assets and liabilities		
(Increase) in accounts receivable	(11,940)	(44,735)
(Increase) decrease in prepaids and other assets	3,412	(4,136)
Increase (decrease) in accounts payable and accrued expenses	<u>(1,686)</u>	<u>35,067</u>
Total adjustments	<u>(6,613)</u>	<u>(10,299)</u>
Net cash provided by (used in) operating activities	<u>(7,532)</u>	<u>16,296</u>
Net cash used in investing activities		
Acquisition of fixed assets	<u>(2,847)</u>	<u>(2,675)</u>
Net increase (decrease) in cash	(10,379)	13,621
Cash, beginning of year	<u>22,564</u>	<u>8,943</u>
Cash, end of year	<u>\$ 12,185</u>	<u>\$ 22,564</u>

See notes to financial statements

COAI, Inc.
(A Puerto Rico Non-Profit Organization)
Statement of Functional Expenses
Year Ended June 30, 2015

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	Unrestricted	Temporarily restricted						
					Estudio			
	General Fund	"Ache"	"Ache HRSA"	"Ache del Oeste"	de la Conducta	S.E.V.	Subtotal	Grand Total
Revenues:								
Grants	\$ 1,200	\$ -	\$ 64,436	\$ 209,850	\$ 99,536	\$ 48,980	\$ 422,802	\$ 424,002
Other contributions	22	-	-	-	-	9,600	9,600	9,622
Fund raising activities	15,223	-	-	-	-	-	-	15,223
Other revenues	7,295	-	-	-	-	-	-	7,295
	-	-	-	-	-	-	-	-
Total revenues	<u>23,740</u>	<u>-</u>	<u>64,436</u>	<u>209,850</u>	<u>99,536</u>	<u>58,580</u>	<u>432,402</u>	<u>456,142</u>
Expenses:								
Personnel	7	-	45,140	92,592	-	27,536	165,268	165,275
Fringe benefits	2,006	-	4,983	16,435	-	3,291	24,709	26,715
Tests and supplies	-	-	3,401	10,110	17,904	2,186	33,601	33,601
Promotional and educational material	340	-	972	2,091	-	4,950	8,013	8,353
Fund raising activities	12,370	-	-	-	-	-	-	12,370
Incentives	-	-	-	2,591	-	294	2,885	2,885
Printing and reproduction	-	-	160	1,391	-	2,249	3,800	3,800
Office supplies	-	-	952	926	454	2,843	5,175	5,175
Travel expenses	3,036	-	3,940	14,413	10,240	915	29,508	32,544
Depreciation expense	3,601	-	-	-	-	-	-	3,601
Insurance expense	-	-	-	-	-	-	-	-
Equipment and maintenance	187	-	-	11,573	3,034	-	14,607	14,794
Professional fees	-	-	4,845	15,451	67,795	2,420	90,511	90,511
Rent	1,200	-	-	27,600	-	9,600	37,200	38,400
Utilities	1,151	-	-	13,382	-	1,954	15,336	16,487
Other expenses	975	128	43	1,295	109	-	1,575	2,550
Total expenses	<u>24,873</u>	<u>128</u>	<u>64,436</u>	<u>209,850</u>	<u>99,536</u>	<u>58,238</u>	<u>432,188</u>	<u>457,061</u>
	-	-	-	-	-	-	-	-
Change in net assets	(1,133)	(128)	-	-	-	342	214	(919)
Net assets (deficiency), beginning of year	(2,862)	14,743	-	-	-	2,024	16,767	13,905
Net transfers between funds	-	-	-	-	-	-	-	-
Net assets (deficiency), end of year	<u>\$ (3,995)</u>	<u>\$ 14,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,366</u>	<u>\$ 16,981</u>	<u>\$ 12,986</u>

See notes to financial statements

COAI, Inc.
(A Puerto Rico Non-Profit Organization)
Statement of Functional Expenses
Year Ended June 30, 2014

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	Unrestricted	Temporarily restricted						
			"Ache HRSA"	"Ache del Oeste"	Estudio de la Conducta	S.E.V.	Subtotal	Grand Total
Revenues:								
Grants	\$ 4,700	\$ -	\$ 63,789	\$ 211,879	\$ 79,935	\$ 67,371	\$ 422,974	\$ 427,674
Other contributions	100	-	-	-	-	9,600	9,600	9,700
Fund raising activities	43,530	-	-	-	-	-	-	43,530
Other revenues	9,175	-	-	-	-	-	-	9,175
	-	-	-	-	-	-	-	-
Total revenues	57,505	-	63,789	211,879	79,935	76,971	432,574	490,079
Expenses:								
Personnel	120	-	42,272	92,093	-	50,544	184,909	185,029
Fringe benefits	838	-	5,539	15,456	-	5,628	26,623	27,461
Tests and supplies	-	-	7,309	10,301	6,272	1,174	25,056	25,056
Promotional and educational material	-	-	433	1,495	1,149	-	3,077	3,077
Fund raising activities	16,355	-	-	-	-	-	-	16,355
Incentives	-	-	-	1,446	10,652	336	12,434	12,434
Printing and reproduction	-	-	-	1,329	-	814	2,143	2,143
Office supplies	297	-	954	3,979	150	979	6,062	6,359
Travel expenses	2,871	-	2,266	20,042	-	1,730	24,038	26,909
Depreciation expense	3,505	-	-	-	-	-	-	3,505
Insurance expense	1,937	-	-	-	-	-	-	1,937
Equipment and maintenance	905	-	-	14,920	2,675	-	17,595	18,500
Professional fees	1,041	-	4,908	15,885	58,711	4,200	83,704	84,745
Rent	1,200	-	-	22,780	300	9,600	32,680	33,880
Utilities	1,146	-	-	9,683	-	1,898	11,581	12,727
Other expenses	677	126	-	2,470	26	68	2,690	3,367
Total expenses	30,892	126	63,681	211,879	79,935	76,971	432,592	463,484
Change in net assets	26,613	(126)	108	-	-	-	(18)	26,595
Net assets (deficiency), beginning of year	(29,475)	14,869	(108)	-	-	2,024	16,785	(12,690)
Net transfers between funds	-	-	-	-	-	-	-	-
Net assets (deficiency), end of year	<u>\$ (2,862)</u>	<u>\$ 14,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,024</u>	<u>\$ 16,767</u>	<u>\$ 13,905</u>

See notes to financial statements

COAI, INC.
(A Puerto Rico Non-Profit Organization)

Notes to Financial Statements
June 30, 2015 and 2014

Note 1 - Organization and summary of significant accounting policies:

Organization - Coai, Inc. (the Organization) is a Puerto Rico non-profit entity incorporated on February 2, 1992 under the laws of the Commonwealth of Puerto Rico, created to serve the community. The Organization is a community-based organization (CBO) and its basic objective is to provide educational services to the general public of Puerto Rico, aimed at the prevention of physical, mental, and emotional disease, with emphasis on Human Immunodeficiency Virus and Acquired immunodeficiency Syndrome (HIV/AIDS) infections, and all factors directly or indirectly related to the same. Some of the services provided by the Organization are the following:

- Workshops on the prevention of HIV directed to individuals as well as to groups
- Workshops on safe sex
- Workshops on the prevention of HIV directed to children of pre-school as well as school ages
- Workshops to health professionals, school personnel, private professionals, community organizations and other interested groups
- Confidential counseling before and after HIV test
- Counseling and referral services

To accomplish these services, the following programs have been established by the Organization:

"Ache" (HIV Prevention Projects of CBO) — This program is addressed principally to offer services of primary and secondary prevention and education of HIV/AIDS to the community of men who have sex with men (MSM) between the ages of 25 to 49 years old. The program provides outreach, preventive, educational services, and Counseling, Testing and Referrals Services (CTRS), focusing on MSM, males and transsexuals sex workers who live in any of the thirty (30) towns comprising the San Juan Statistical Metropolitan Area.

"Ache" - HRSA (Human Resources Services Administration) - This program is addressed principally to offer services of primary and secondary prevention and education of HIV/AIDS to the community of men who have sex with men (MSM) between the ages of 25 to 49 years old. The program provides outreach, preventive and educational services, and Testing & Referrals Services (CTRS) focusing on MSM, males and transsexuals sex workers who live in any of the thirty (30) towns comprising the San Juan Statistical Metropolitan Area.

"Ache del Oeste" (PA 08803 - HIV/AIDS Prevention Projects for the Commonwealth of Puerto Rico and US Virgin Islands) - This program provides outreach, preventive and educational services, and CTRS, focusing on MSM between the ages 18 to 49 years old, to individuals who live in any of the fifteen (15) towns comprising the Aguadilla and Mayaguez Health Regions.

"Estudio de la Conducta" ("ECO") - These projects study the practices, knowledge, and attitude towards the VIH/AIDS and other related areas by performing interviews to various populations at different hours per week using tablets and performing HIV testing.

COAI, INC.
(A Puerto Rico Non-Profit Organization)

Notes to Financial Statements – (continued)
June 30, 2015 and 2014

Note 1 - Organization and summary of significant accounting policies – (continued):

Organization – (continued):

"Salud, Esperanza y Vida "(S.E.V.) — This program offers HIV/AIDS workshops directed to the prevention and education of this virus and offer CTRS to school drop-outs between the ages of 13 to 21 years old in any of the fifteen (15) towns comprising the Ponce Health Region.

Summary of significant accounting policies —The accounting policies used by the Organization conforms to predominant industry practices and follow accounting principles generally accepted in the United States of America.

The following summarizes the most significant accounting policies:

Basis of presentation — Not-for-profit organizations are required to present a statement of financial position (balance sheet), a statement of activities, and a statement of cash flows, and functional expenses. In addition, net assets are classified in one or more of the following categories:

- Unrestricted net assets — Resources available to support operations. These resources are unrestricted as to their use and expendable at the discretion of the Board of Directors.
- Temporarily restricted net assets — Resources that are restricted by a donor for use for a particular purpose or in a particular future period.
- Permanently restricted net assets - Resources whose use is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time.

As of June 30, 2015 and 2014 the Organization's net assets are classified as unrestricted and temporarily restricted.

Accounting estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Property and equipment — Property and equipment are stated at cost or, if donated, at fair value at date of receipt. Depreciation expense is determined using the straight line method over the estimated useful lives of the related assets.

COAI, INC.
(A Puerto Rico Non-Profit Organization)

Notes to Financial Statements – (continued)
June 30, 2015 and 2014

Note 1 - Organization and summary of significant accounting policies – (continued):

Summary of significant accounting policies – (continued):

Property and equipment – (continued):

Following is a summary of property and equipment as of June 30, 2015 and 2014:

<u>Description</u>	<u>Useful life</u>	<u>2015</u>	<u>2014</u>
Leasehold Improvements	5 years	3,325	3,325
Office equipment	3 years	189,275	186,428
		192,600	189,753
Less: accumulated depreciation and amortization		(192,017)	(188,416)
Total property and equipment, net		\$ 583	\$ 1,337

At the time property and equipment is sold, or otherwise disposed of, the asset cost and related accumulated depreciation are removed from the books and the resulting gain or loss, if any, is credited or charged to operations. Property and equipment is capitalized if it has a cost of \$750 or more.

Contributed support — The Organization recognizes all contributed support received as income in the period received. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases the net assets of those net asset classes. 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Contributed services — Contributions of services are only recognized if services received (a) create or enhance non-financial assets or would typically need to be purchased if not provided by donation and (b) require specialized skills and are provided by individuals possessing these skills. The contribution revenue for services received is recognized at the fair value of these services. For the years ended June 30, 2015 and 2014 there were no contributed services.

Contributed use of facilities - Contributions are recognized at the estimated fair rental value of the property.

COAI, INC.
(A Puerto Rico Non-Profit Organization)

Notes to Financial Statements – (continued)
June 30, 2015 and 2014

Note 1 - Organization and summary of significant accounting policies – (continued):

Summary of significant accounting policies – (continued):

Operational expenditures — Operational expenditures related to programs or functions of the Organization are included in the respective caption in the accompanying statements of activities and functional expenses for those programs or functions. Certain expenses are allocated to programs or functions proportionately to the time spent by employees in supporting such activities. Those expenses that are not related to such programs or functions are accounted for as management and administrative.

Income taxes — As a non-profit organization, the Organization is exempt from local income taxes under the provision of Section 1101(a)(2) of the Commonwealth of Puerto Rico Internal Revenue Code of 1994, as amended, and from federal income taxes under the provision of Section 501(c)(3), of the United States Internal Revenue Code, as amended.

Accounting principles generally accepted in the United States of America require the Organization management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination of taxing authorities. Management evaluated the tax positions taken by the Organization and concluded that the Organization as of June 30, 2015 and 2014, had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.

All tax returns through fiscal year June 30, 2014 have been appropriately filed by the Organization, and filing for 2015 will be made timely or within extension period. The Organization's open audit periods are fiscal years ended June 30, 2011 to June 30, 2015.

Functional allocation of expenses — The costs of providing the various programs or functions, management and administrative, and project support have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly certain costs have been allocated proportionately to the time spent by employees in supporting these activities.

Advertising costs — The Organization charges advertising costs to expense as incurred.

Note 2 - Concentration of credit risk:

As of June 30, 2015, financial instruments which potentially may subject the Organization to concentration of credit risk consist principally of accounts receivable. Current vulnerability arises due to certain concentration with several grantors from the Federal Government under one Federal grant.

COAI, INC.
(A Puerto Rico Non-Profit Organization)

Notes to Financial Statements – (continued)
June 30, 2015 and 2014

Note 3 - Accounts receivable

As of June 30, 2015 and 2014, accounts receivable consist of the following:

<u>General Fund:</u>	<u>2015</u>	<u>2014</u>
S.E.V.	\$ 16,543	\$ 11,212
"Ache HRSA"	-	1,976
Recinto Ciencias Medicas	-	200
Walgreens	-	9,559
Grant Receivable	5,123	450
Other	4,330	5,500
	<u>\$ 25,996</u>	<u>\$28,897</u>
<u>"Ache"</u>		
Fondo General	\$0	\$4,650
RWCA	\$14,076	\$14,076
Other	11,665	11,665
	<u>\$25,741</u>	<u>\$30,391</u>
"Ache HRSA" Grant Receivable	<u>\$11,617</u>	<u>\$9,200</u>
<u>"Ache del Oeste"</u>		
General Fund	\$ -	\$ 537
"Ache"	11,303	15,953
Grant Receivable	13,327	3,326
	<u>\$ 24,630</u>	<u>\$19,816</u>
S.E.V. Grant Receivable	<u>\$24,525</u>	<u>\$12,265</u>
	<u>\$112,509</u>	<u>\$100,569</u>

Accounts receivable as of June 30, 2015 and 2014 were considered by management as fully collectible.

Note 4 - Contributions and grants

Federal grants:

On June 23, 2014, the Centers for Disease Control (CDC) awarded a grant to the Organization under Ache del Oeste (HIV Prevention Projects for the Commonwealth of Puerto Rico and U.S. Virgin Islands) for the period 7/1/2014-6/30/2015, for the total amount of \$212,027.

COAL, INC.
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Notes to Financial Statements – (continued)
June 30, 2015 and 2014

Note 4 - Contributions and grants – (continued)

Federal grants – (continued):

The Municipality of San Juan awarded a grant to the Organization under the HRSA Ryan White Part A Minority Aids Initiative (MAI) for a total amount of \$52,075, for the program year 2015-2016, covering up to February 29, 2016. For the program year 2014-2015 the amount granted was \$60,229.

The Organization is assessing and will submit other identified request for proposals or funding opportunities from other sources such as the Center for Diseases Control and Prevention (CDC), the Human Resources and Services Administration (HRSA), and the National Institute of Health (NIH), in order to continue providing services to the target population established by the Ache Program HIV Prevention Project of CBO.

Simultaneously, the Board of Directors, with the support of the Executive and Programmatic sections, is currently developing fund-raising strategies and activities. They are also including developing a sustainability plan for the Organization under the strategic planning, currently under development.

Federal grant revenues are being recognized as the qualifying expenses are incurred. These grants are routinely subject to financial and compliance audits in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133. As of June 30, 2015 and 2014, the total of federal awards expended for all federal programs did not exceed \$500,000. Therefore, an audit in accordance with OMB Circular A-133 was not required.

Local government grants:

The Organization signed a contract with the Puerto Rico Department of Health related to "Programa Salud, Esperanza y Vida" (S.E.V.), which has been renewed annually since it was originally granted in 2002. On July 1, 2013 this contract was renewed for approximately \$89,700, whereas \$61,928 was granted up to June 30, 2015.

In addition, the Organization signed various contracts with the Puerto Rico Department of Health related to "Estudio de la Conducta" programs and "Vigilancia SIDA", among other, granting up to \$17,000 until May 31, 2016 and up to \$13,636 until May 31, 2015. The Organization agreed also with Recinto de Ciencias Medicas UPR the realization of HIV Tests under an agreement for \$95,000 covering from June 18, 2014 to December 31, 2014 and for \$72,292 covering up to December 31, 2015.