

**POSITIVE IMPACT HEALTH CENTERS, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2023**



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The report accompanying this deliverable was issued  
by Warren Averett, LLC.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
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**DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Positive Impact Health Centers, Inc.

### **Opinion**

We have audited the accompanying financial statements of Positive Impact Health Centers, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Positive Impact Health Centers, Inc. as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Positive Impact Health Centers, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Positive Impact Health Centers, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Positive Impact Health Centers, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Positive Impact Health Centers, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited Positive Impact Health Centers, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024 on our consideration of Positive Impact Health Centers, 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 solely 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 the effectiveness of Positive Impact Health Centers, Inc.'s 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 Positive Impact Health Centers, Inc.'s internal control over financial reporting and compliance.

*Warren Averett, LLC*

Atlanta, Georgia  
June 28, 2024

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the year ended 2023

## Abstract

The following information should be read in conjunction with Positive Impact Health Centers' financial statements and related footnotes.



## Introduction to Management's Discussion and Analysis

The purpose of Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is to provide a narrative explanation of the financial position and operations of Positive Impact Health Centers, Inc. (PIHC).

Unless otherwise indicated, all financial and statistical information included herein relates to continuing operations. MD&A includes the following sections:

- Organization and Mission
- 340b Cost Saving & Pharmacy Revenue
- Patient Expenses

## Organization and Mission

Our mission is to provide client-centered care for the HIV community to have a life worth loving.

For over 30 years, Positive Impact Health Centers has provided client-centered care to the HIV community and worked tirelessly to prevent the transmission of HIV in Atlanta.

Our agency provides HIV comprehensive specialty care through clinical care, gender affirming care, mental health counseling, addiction treatment, support programs in medical case management, patient navigators, transportation and housing, and through prevention, testing, Pre-Exposure Prophylaxis (PrEP) and Post-Exposure Prophylaxis (PEP).

## Our Services

### Medical Services



### Testing & Prevention Services



### Addiction Services



### Dental Services



### Counseling Services



### Supportive Services



### Housing



### Nutrition



## Serving Metro Atlanta – 4 Locations

10,667

Total # Of Patients Served

2,738

PrEP Retention

91%

Viral Suppression Statistics for the State of Georgia and National is 57% and 66% respectively

## Organization Highlights

PIHC continues to make strategic and purposeful decisions to improve the health of individuals and communities served, engage with consumers in new ways and support the shift to expanded medical presence. To best position itself for the future, the organization is making changes to its portfolio as further discussed below.

### Pharmacy

Patient Prescription Copay Assistance Program! In 2023, this program covered the full cost or copays of 29,646 prescriptions to patients in need – 32.1% of all prescriptions filled.

At the end of 2023 PIHC Pharmacies service increased to 6,524 pharmacy patients between our two retail pharmacy locations. In total 4,061 pharmacy patients received PIHC Pharmacy financial assistance in 2023. In 2023, PIHC Pharmacies were thrilled to offer financial assistance totaling \$701,863.72.

### Operations

In 2023, PIHC grew our clinical caseload by more than (300+ patients) to a total of 2,510 patients.

Positive Impact Health Centers offers both long-acting, injectable cabotegravir (a single injection every two months) for HIV prevention and CABENUVA (cabotegravir and rilpivirine) a two-injection combination given either monthly or every 2 months for HIV treatment.

Patients who come into the clinic for injections can avoid the inconvenience of a daily pill regimen and also benefit from the privacy that comes from not having to keep HIV medication at home.

### Year of Impact

- **7,152** clients received clinical care with **25,370** clinical visits conducted
- **1,899** clients enrolled in telehealth
- **2,510** patients received case management
- **2,738** patients provided PrEP prevention resulting in **8,755** appointments
- **1,177** patients assisted with transportation on **7,877** trips
- **1,879** patients were enrolled in health insurance
- **5,773** clients received meals and food vouchers
- **4,814** vaccines administered to **2,267** patients
- **5,229** HIV tests conducted



## Financial Information

Our financials report on a calendar year of January 1<sup>st</sup>-December 31<sup>st</sup>. Those financials reflect a 12-month operating year from January 1, 2023-December 31, 2023.

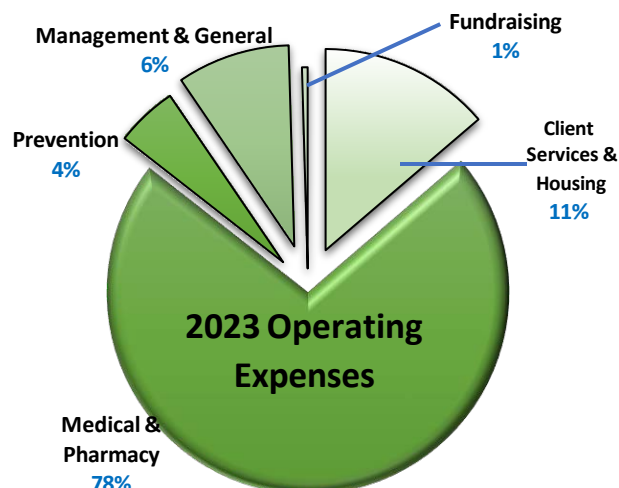
### Statement of Activities

	<u>FY 2023</u>	<u>FY 2022</u>
<b>Operating Revenue and Support</b>		
Contributions	\$348.6K	\$390.3K
Fundraising	\$130.7K	\$280.9K
Federal Grants	\$12.5M	\$10.5M
340 B Cost Savings, Retail Pharmacy & Clinic	\$92.5M	\$65.5M
Other Program Income <i>incl. in-kind</i>	\$621.1K	(\$143.3K)
<b>Total Operating Revenue and Support</b>	<b>\$106.2M</b>	<b>\$76.5M</b>

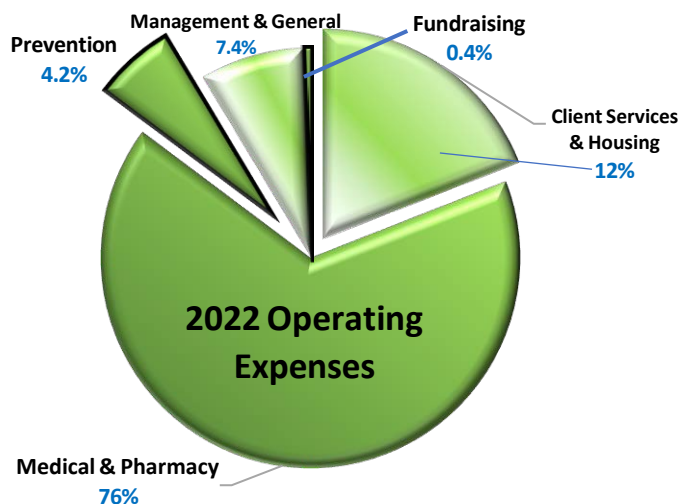
<b>Operating Expenses</b>		
Client Services & Housing	\$11.4M	\$9.1M
Medical & Pharmacy	\$81.7M	\$58.1M
Prevention	\$4.2M	\$3.2M
Management & General	\$6.7M	\$5.7M
Fundraising	\$710.1K	\$367.3K
<b>Total Operating Expenses</b>	<b>\$104.7M**</b>	<b>\$76.5M</b>

<b>Nonoperating (Income)/Expenses</b>		
Investment (Income) and Expenses	(\$141.2K)	\$180.5K
(Gain)/Loss on Disposal/Sale of Assets	\$0.0K	\$0.0K
<b>Total Nonoperating (Income)/Expenses</b>	<b>(\$141.2K)</b>	<b>\$180.5K</b>

<b>Change in Net Assets</b>		
Beginning of Year	\$21.5M	\$23.1M
End of Year	\$23.0M	\$21.5M
<b>Total Change</b>	<b>\$1.5M</b>	<b>\$62.8K</b>



In both years, 90% or more of every dollar went directly to program (client-related) services

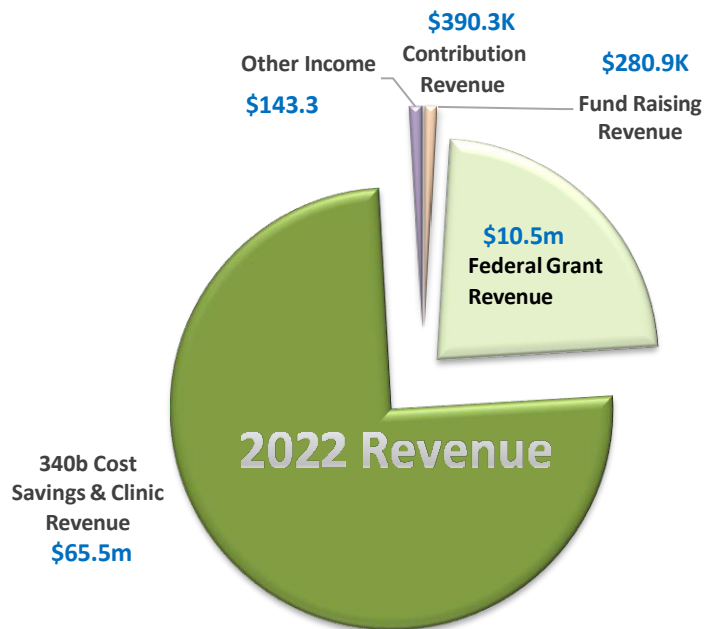
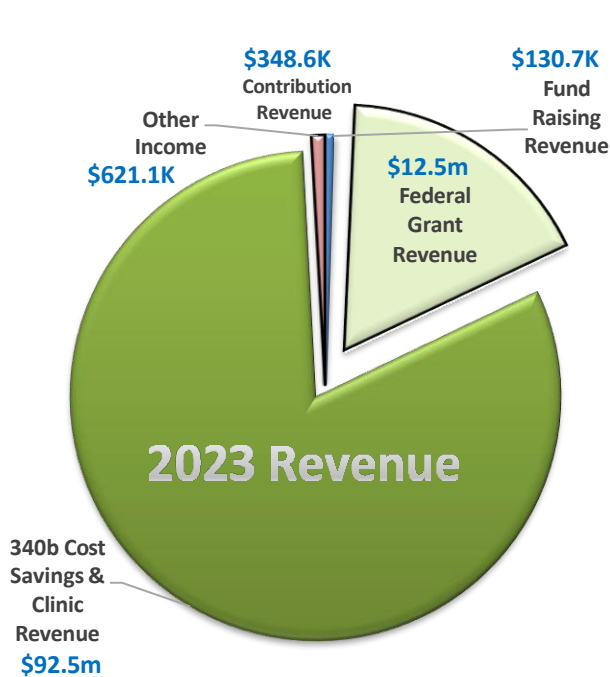


\*\*Change in net assets \$1,502,000

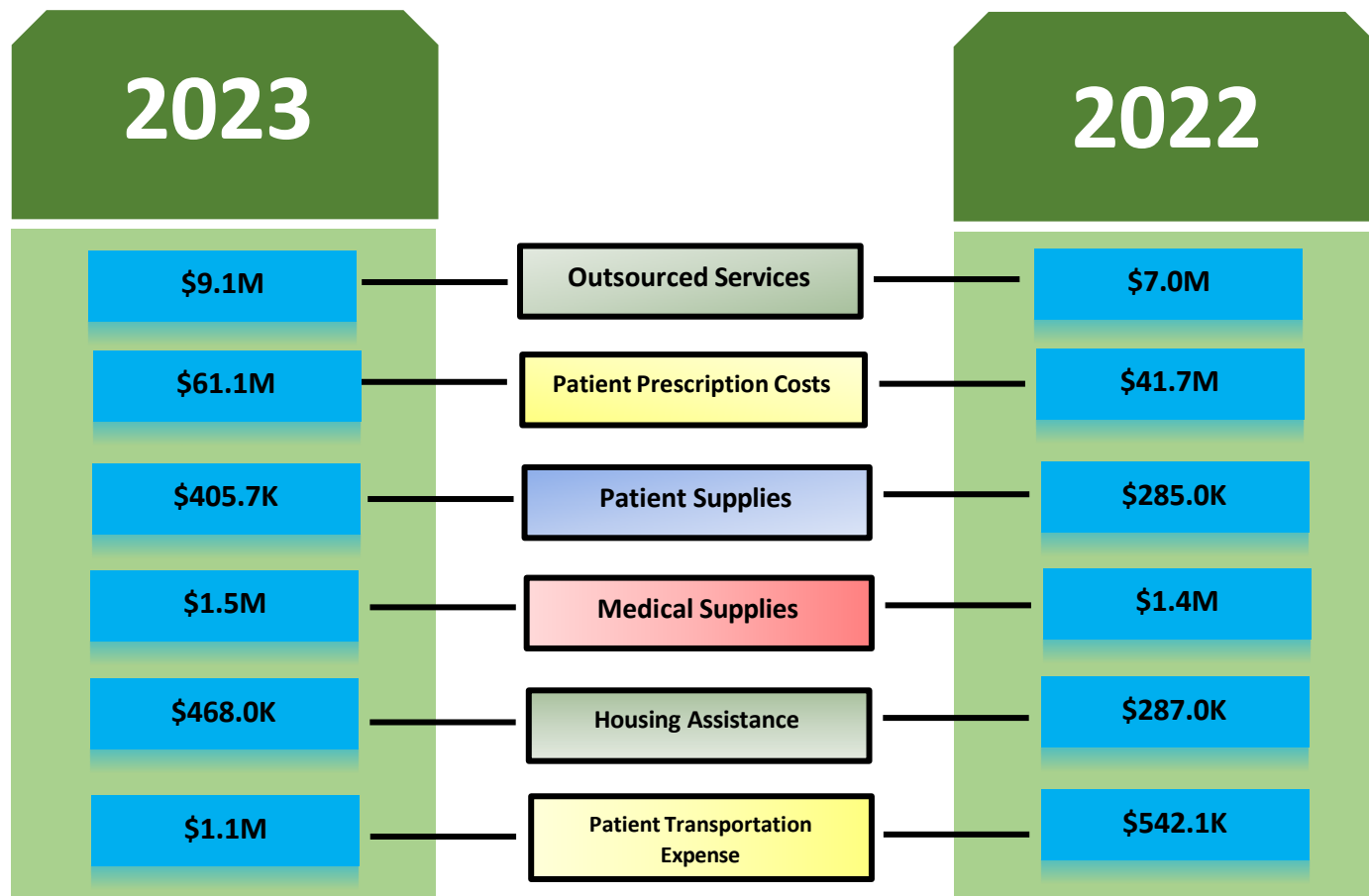
# Revenue

The following chart reflects selected financial information on a consolidated basis through the twelve months ending December 31, 2023.

The following chart reflects selected financial information on a consolidated basis through the twelve months ending December 31, 2022.



## Patient Expenses



**Outsourced Services** – Increase due to higher pharmacy and insurance related outsourced costs

**Patient Prescription Costs** - Increase due to growth in 340b Cost Savings Program

**Patient Supplies** – Increase due to Program Growth.

**Medical Supplies** - Increase due to Program Growth.

**Housing Assistance** - Increase due to PIHC being awarded additional housing funds for program housing assistance.

**Patient Transportation Expense** - Increase due to the increased utilization of transportations services and in-person client visits

## Pharmacy Inventory Key Performance Indicators (KPIs)

The inventory turnover ratio is a measure of how many times the inventory is sold and replaced over a given period.

**2023**

14  
Days

Inventory Turnover  
Ratio

**2022**

32  
Days

Average Days in inventory is the average time a company keeps its inventory before it is sold.

**2023**

9  
Days

Average Days to sell  
inventory

**2022**

12  
Days

Pharmacy inventory management is a vital part of our operations. Our inventory turnover ratio is aligned with the national average of pharmacies in the United States. These KPIs, help provide us with information to confirm that we have a healthy inventory.

The above turnover rate indicates that our products are selling well. The increase of inventory turnover and revenue between 2022 and 2023 is directly correlated to the success of the above ratios.

# Grants



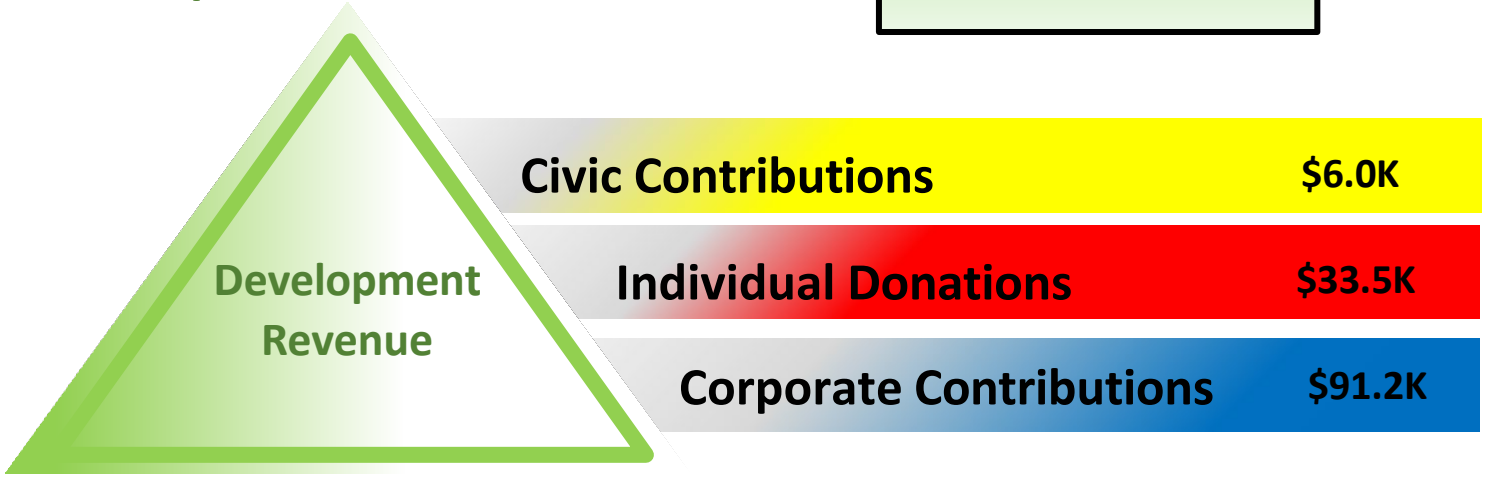
**Total \$12.5 m**

AIDS United <b>\$193.5K</b>
Centers for Disease Control <b>\$865.2K</b>
Emergency Food & Shelter - Gwinnett <b>\$60.4K</b>
Georgia Department of Human Services <b>\$218.3K</b>
SAMHSA CCI <b>\$576.6K</b>
SAMHSA IRISE <b>\$518.3K</b>
SAMHSA-IMATTER <b>\$848.7K</b>
SAMHSA SUHN <b>\$13.9K</b>
Georgia Department of Treasury <b>\$453.6K</b>

Ryan White A <b>\$5.1M</b>
Ryan White A Minority AIDS Initiative <b>\$206.5K</b>
Ryan White A/B Ending the HIV Epidemic <b>\$752.5k</b>
Ryan White B <b>\$1.4M</b>
Ryan White C <b>\$1.0M</b>
Research Triangle Institute International <b>\$5.1K</b>
SAMHSA GROWTH <b>\$89.2K</b>
Special Projects of National Significance <b>\$222.3K</b>

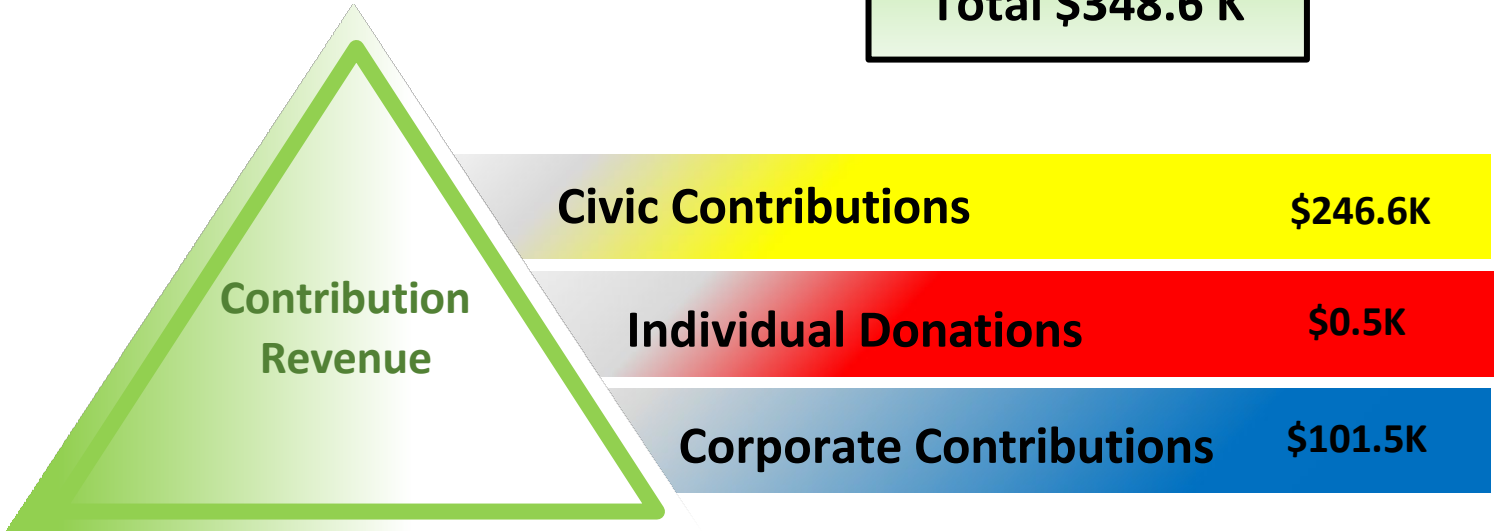
## Development Revenue

**Total \$130.7K**



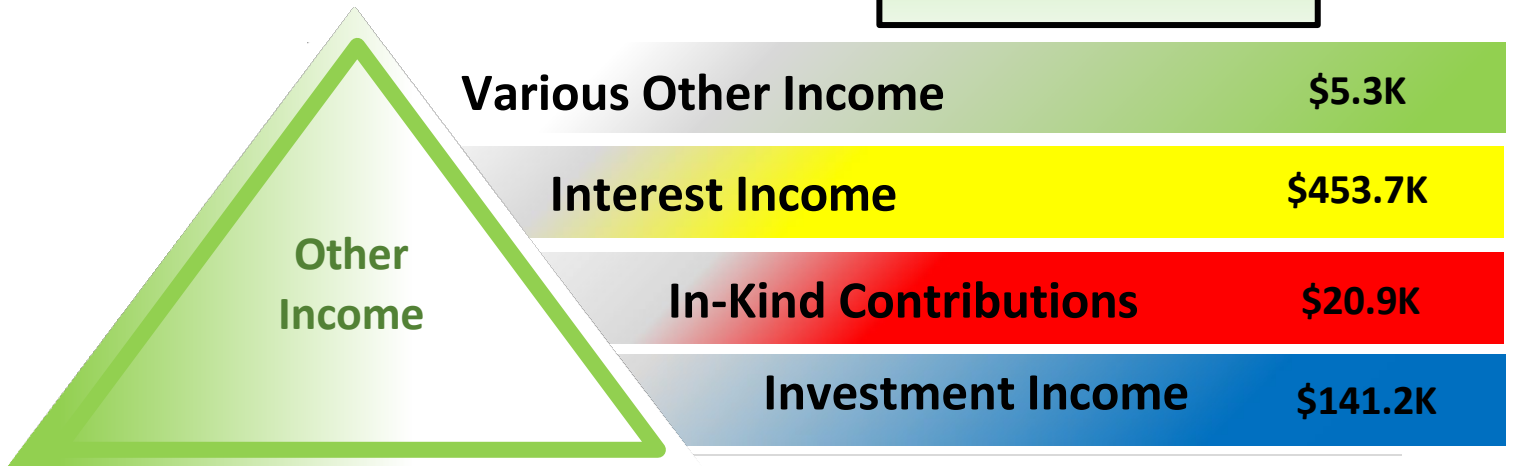
## Contribution Revenue

**Total \$348.6 K**



## Other Income

**Total \$621.1 K**



**POSITIVE IMPACT HEALTH CENTERS, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**was prepared by:**

By

Positive Impact Health Centers' Finance Department

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(with comparative totals for 2022)*

<b>ASSETS</b>		
	<b>2023</b>	<b>2022</b>
Cash	\$ 15,247,735	\$ 15,875,621
Investments	971,463	842,872
Program receivables, net	5,721,439	4,418,446
Grants and contribution receivables	2,299,758	2,044,599
Pharmacy inventory	2,207,176	1,322,384
Prepaid expenses	202,979	344,963
Property and equipment, net of accumulated depreciation	2,990,159	3,504,334
Operating lease right-of-use assets, net	7,423,634	6,453,654
Deposits	70,478	62,973
<b>TOTAL ASSETS</b>	<b>\$ 37,134,821</b>	<b>\$ 34,869,846</b>
<b>LIABILITIES AND NET ASSETS</b>		
	<b>2023</b>	<b>2022</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 3,435,145	\$ 3,463,280
Operating lease liabilities	10,655,031	9,863,921
<b>TOTAL LIABILITIES</b>	<b>14,090,176</b>	<b>13,327,201</b>
<b>NET ASSETS</b>		
Without donor restrictions	22,945,645	21,443,645
With donor restrictions		
Restricted by purpose	99,000	99,000
<b>TOTAL NET ASSETS</b>	<b>23,044,645</b>	<b>21,542,645</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 37,134,821</b>	<b>\$ 34,869,846</b>

See notes to the financial statements.



**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(with comparative totals for 2022)*

	<b>2023</b>			<b>2022</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Federal grants	\$ 12,549,425	\$ -	\$ 12,549,425	\$ 10,474,975
Contributions	219,593	129,000	348,593	390,290
Special events, net of direct expenses of \$0 each year	130,712	-	130,712	280,873
Section 340B program income	84,393,723	-	84,393,723	59,295,766
Program income	1,478,661	-	1,478,661	945,861
Pharmacy retail income	6,663,366	-	6,663,366	5,268,369
Other income	458,971	-	458,971	8,685
In-kind contributions	20,900	-	20,900	28,500
Net investment income (loss)	141,229	-	141,229	(180,537)
Total public support and revenue	106,056,580	129,000	106,185,580	76,512,782
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
	129,000	(129,000)	-	-
Net public support and revenue	106,185,580	-	106,185,580	76,512,782
<b>EXPENSES</b>				
Program services				
Client services and housing	11,380,501	-	11,380,501	9,101,658
Medical services	81,682,151	-	81,682,151	58,050,899
HIV prevention education	4,245,517	-	4,245,517	3,241,301
Supporting services				
Management and general	6,665,328	-	6,665,328	5,688,780
Fundraising	710,083	-	710,083	367,295
Total expenses	104,683,580	-	104,683,580	76,449,933
<b>CHANGES IN NET ASSETS</b>	1,502,000	-	1,502,000	62,849
<b>NET ASSETS AT:</b>				
<b>BEGINNING OF YEAR</b>	21,443,645	99,000	21,542,645	23,135,393
Change as a result of adoption of ASC 842	-	-	-	(1,655,597)
<b>END OF YEAR, AS ADJUSTED</b>	<u>\$ 22,945,645</u>	<u>\$ 99,000</u>	<u>\$ 23,044,645</u>	<u>\$ 21,542,645</u>

See notes to the financial statements.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(with comparative totals for 2022)*

	<b>2023</b>					<b>2022</b>	
	<b>Program Services</b>			<b>Supporting Services</b>		<b>Total Expenses</b>	<b>Total Expenses</b>
	<b>Client Services and Housing</b>	<b>Medical Services</b>	<b>HIV Prevention Education</b>	<b>Management and General</b>	<b>Fund Raising</b>		
Salaries	\$ 5,260,028	\$ 8,776,035	\$ 2,141,640	\$ 2,778,866	\$ 293,336	\$ 19,249,905	\$ 16,165,861
Payroll taxes	379,843	633,745	154,654	200,668	21,183	1,390,093	1,097,316
Employee benefits	1,092,168	1,822,215	444,680	576,983	60,907	3,996,953	2,567,045
Total salaries and related expenses	<u>6,732,039</u>	<u>11,231,995</u>	<u>2,740,974</u>	<u>3,556,517</u>	<u>375,426</u>	<u>24,636,951</u>	<u>19,830,222</u>
Contract services	2,081,348	5,550,922	703,409	658,173	58,339	9,052,191	7,048,579
Pharmacy	-	61,055,383	-	-	-	61,055,383	41,678,189
Supplies	96,086	80,375	135,422	65,583	28,227	405,693	285,047
Medical supplies	276,801	1,177,918	92,979	2,283	-	1,549,981	1,439,293
Housing assistance	467,624	-	-	-	-	467,624	286,972
Office expense	408,503	592,314	148,291	718,742	91,908	1,959,758	1,896,697
Rent and utilities	262,387	811,760	158,445	257,677	14,502	1,504,771	1,243,494
Transportation expense	282,306	253,422	83,421	449,805	30,359	1,099,313	542,084
Other	115,740	484,855	57,360	242,861	108,102	1,008,918	440,447
Insurance	67,632	125,504	35,150	58,486	1,112	287,884	226,889
Telephone expense	63,918	50,967	11,684	30,857	346	157,772	136,269
Professional fees	38,356	67,767	14,144	122,184	851	243,302	315,127
Nutrition	339,615	700	9,191	-	-	349,506	273,654
Total expense before depreciation	<u>11,232,355</u>	<u>81,483,882</u>	<u>4,190,470</u>	<u>6,163,168</u>	<u>709,172</u>	<u>103,779,047</u>	<u>75,642,963</u>
Depreciation	148,146	198,269	55,047	502,160	911	904,533	806,970
<b>TOTAL EXPENSES</b>	<u><u>\$ 11,380,501</u></u>	<u><u>\$ 81,682,151</u></u>	<u><u>\$ 4,245,517</u></u>	<u><u>\$ 6,665,328</u></u>	<u><u>\$ 710,083</u></u>	<u><u>\$ 104,683,580</u></u>	<u><u>\$ 76,449,933</u></u>
<b>Percentage of total expenses</b>	11%	79%	4%	6%	1%	100%	

See notes to the financial statements.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,502,000	\$ 62,849
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation	904,533	806,970
Noncash operating lease expense	622,375	2,469,040
Write off of note receivable	-	16,707
Accrued interest	-	(6,707)
Unrealized (gain) loss on investments	(137,217)	245,807
Realized loss (gain) on sale of investments	8,625	(57,351)
(Increase) decrease in:		
Clinic receivables	(1,302,993)	(889,601)
Grant receivables	(255,159)	506,623
Pharmacy inventory	(884,792)	(583,926)
Prepaid expenses	141,984	(79,069)
Deposits	(7,505)	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	(28,135)	1,139,713
Deferred rent	-	(2,062,523)
Payments on operating lease liabilities	(801,245)	(714,370)
Net cash (used in) provided by operating activities	<u>(237,529)</u>	<u>854,162</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(390,358)	(520,228)
Investments	1	(6,507)
Net cash used in investing activities	<u>(390,357)</u>	<u>(526,735)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(627,886)	327,427
<b>CASH AT BEGINNING OF YEAR</b>	<u>15,875,621</u>	<u>15,548,194</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 15,247,735</u>	<u>\$ 15,875,621</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Additions to right-of-use lease assets obtained from new operating lease liabilities	<u>\$ 1,592,355</u>	<u>\$ 6,923,016</u>

See notes to the financial statements.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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## **1. ORGANIZATION**

Effective March 1, 2015, AID Gwinnett, Inc. and Positive Impact, Inc. completed a merger of their operations. As a result of the merger, the combined organization was renamed Positive Impact Health Centers, Inc. AID Gwinnett, Inc.'s tax ID was the surviving ID. Positive Impact Health Centers, Inc. (PIHC) is a not-for-profit organization incorporated on September 26, 1991, under the laws of the State of Georgia. PIHC is a community-based agency organized to respond with compassion and sensitivity to the HIV/AIDS epidemic through support, advocacy, education and collaboration with other agencies. Client support services include medical care, professional mental health counseling and outpatient substance abuse treatment, long-term housing, emergency housing assistance, emergency shelter, medical case management, education, counseling, transportation and nutrition. Public awareness and education include adult and youth educational programs, newsletters and community advocacy. PIHC provides services to individuals in 20 metro Atlanta counties. It is supported primarily by contributions and grants.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Recently Adopted Accounting Guidance**

#### *Allowance for Credit Losses*

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by PIHC that are subject to the guidance in FASB ASC 326 were program receivables and grants and contributions receivables.

PIHC adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

### **Basis of Presentation**

The financial statements of PIHC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of PIHC and changes therein are classified and reported as follows:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions.

*With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of PIHC and/or passage of time.

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**Concentrations of Credit and Market Risk**

Financial instruments, principally receivables and accounts payable, are reported at values which PIHC believes are not significantly different from fair values. PIHC believes no significant credit risk exists with respect to any of its financial instruments. PIHC maintains cash balances with financial institutions. Deposit accounts at the institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023 and 2022, PIHC's uninsured cash balances were \$1,226,904 and \$15,364,175, respectively. In 2023, PIHC opened Insured Cash Sweep accounts which earn interest while maximizing protection for funds beyond the typical FDIC limit of \$250,000.

As of December 31, 2023 and 2022, one vendor represented 66% and 70% of accounts payable, respectively.

**Investments**

Investments in marketable securities with readily determinable fair values are reported at fair value based on quoted market prices. The investments are initially recorded at cost if they were purchased and at fair value on the date of the gift if received as a donation. Unrealized gains and losses resulting in fluctuations in market prices are included in the statement of activities (see Note 3).

PIHC adheres to the provisions of FASB ASC 820, *Fair Value Measurements*. This standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction as prescribed by accounting principles generally accepted in the United States of America (GAAP). The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs that are derived principally from or corroborated by observable market data.
- Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

All of PIHC's investments are Level 1 investments.

**Program Income**

*Patient and Clinic Income*

Clinic fees are recognized as revenue when services are delivered. Net patient income is recognized in the period services are provided at the estimated net realizable amount from Medicare, Medicaid, commercial insurers, other third-party payors and patients. Established rates are maintained for patient services provided. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

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*Section 340B Program of the Public Health Service Act*

PIHC offers reduced price medications to low-income, uninsured patients through arrangements with contracted pharmacies as well as through the in-house pharmacy. Revenue is earned as prescriptions are filled and provided to patients. Related program expenses incurred of \$54,233,349 and \$36,862,404 are recognized in the accompanying financial statements for the years ended December 31, 2023 and 2022, respectively.

*Other Program Income*

PIHC offers testing, counseling, and therapy services. Revenue is recognized when services are delivered.

Program income is composed of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Patient and clinic income	\$ 1,348,483	\$ 689,896
Other program income	130,178	255,965
	<u>\$ 1,478,661</u>	<u>\$ 945,861</u>

**Pharmacy Retail Income**

Revenue is earned as prescriptions are filled and provided to patients.

**Accounting for Contributions**

PIHC records contributions at the date of the gift. Donated investments are recorded at their fair value on the date donated. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated by the donor for specific purposes or for use in a future period are reported as an increase to net assets with donor restrictions.

Restrictions on contributions expire when a purpose or time restriction is accomplished. Upon satisfaction, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statements of activities as net assets released from restrictions.

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions upon satisfaction of the donor restriction.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
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**Program Receivables**

Program receivables represent amounts due from patients and third-party payors (including health insurers and government payors). PIHC uses the allowance method to account for uncollectible receivables. The allowance is based on prior years' experience and management's analysis of possible bad debts. Receivables are considered past due after 90 days. It is PIHC's policy to charge off uncollectible clinic receivables when management determines the receivable will not be collected. Management did not believe an allowance was necessary at December 31, 2023 or 2022.

**Grant Receivables**

Grant receivables relate to reimbursement basis grants and are recorded when related expenditures are made (see Note 9). PIHC uses the allowance method to account for uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. Management did not believe that an allowance was necessary at December 31, 2023 or 2022.

**Pharmacy Inventory**

Pharmacy inventory consists of pharmaceutical items that are held at the on-site pharmacies. These items are valued at cost.

**Property and Equipment**

PIHC capitalizes all expenditures for property, furniture, fixtures and equipment in excess of \$5,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using straight-line methods over their estimated useful lives (see Note 5).

**Right-of-Use Assets and Lease Liabilities**

Effective January 1, 2022, PIHC adopted FASB ASC Topic 842, *Leases* (Topic 842). Under Topic 842, a lessee is required to recognize a lease liability and a right-of-use lease asset on the statements of financial position. Upon adoption of the new guidance, PIHC recognized right-of-use lease assets and lease liabilities of \$9,923,016 and \$10,578,291, respectively, and a reduction of previously recorded deferred rent of \$2,062,523. The cumulative effect adjustment to PIHC's net assets as a result of the adoption of this standard was \$1,655,597.

In connection with the adoption of Topic 842, PIHC elected to apply the following practical expedients:

- not to reassess whether a contract includes an embedded lease at adoption;
- not to reassess the previously determined classification of a lease as operating or capital;
- not to reassess previously recorded initial direct costs;
- election of an accounting policy that permits inclusion of both the lease and non-lease components as a single lease component;
- election of an accounting policy to exclude lease accounting requirements for leases that have terms of less than 12 months; and
- the use of hindsight in determining the lease term and in assessing impairment of right-of-use assets.

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In accordance with Topic 842, at lease commencement, PIHC initially measures the lease liability at the present value of payments expected to be made during the lease term. The right-of-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Key estimates and judgments related to leases include how PIHC determines: (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. PIHC uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, PIHC generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease, as well as expected renewal terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

PIHC monitors changes in circumstances that would require a remeasurement of its leases and will remeasure right-of-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability.

**Contributed Services**

Contributed services are recognized if the services received: (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services of \$20,900 and \$28,500 were recognized for the years ended December 31, 2023 and 2022, respectively, for physician services.

Many individuals volunteer their time and perform a variety of tasks that assist PIHC's clients and fundraising activities. PIHC received approximately 1,100 and 1,600 volunteer hours during the years ended December 31, 2023 and 2022, respectively, that are not valued in the financial statements.

**Tax Status**

PIHC is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. PIHC qualifies for the charitable contribution deduction.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, personnel costs have been allocated among the programs and supporting services benefited based on estimates of time and effort, and occupancy costs have been allocated on the basis of the function of the personnel using the space involved.



**POSITIVE IMPACT HEALTH CENTERS, INC.**  
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**Comparative Statements**

The amounts shown for the year ended December 31, 2022, in the accompanying financial statements, are included to provide a basis for comparison with 2023 and present summarized totals only. Accordingly, the 2022 totals are not intended to present all information necessary for a fair presentation in conformity with GAAP. Such information should be read in conjunction with the financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Events Occurring after Report Date**

Management has evaluated events and transactions that occurred between December 31, 2023 and June 28, 2024, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**3. INVESTMENTS**

PIHC's investments are managed by an independent investment company and are valued at quoted market prices in an active market. PIHC's investments at December 31, 2023 and 2022, are comprised of the following:

	<b>2023</b>		<b>2022</b>	
	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>
Equities	\$ 710,357	\$ 512,919	\$ 588,731	\$ 512,919
Fixed income	261,106	275,745	254,141	284,369
Total investments measured at fair value	<u>\$ 971,463</u>	<u>\$ 788,664</u>	<u>\$ 842,872</u>	<u>\$ 797,288</u>

Net investment income (loss) for the years ended December 31, 2023 and 2022, are composed of:

	<b>2023</b>	<b>2022</b>
Interest and dividend income	\$ 25,101	\$ 20,041
Net realized (loss) gain on investments	(8,625)	57,351
Unrealized gain (loss) on investments	137,217	(245,807)
Brokerage fees	(12,464)	(12,122)
	<u>\$ 141,229</u>	<u>\$ (180,537)</u>

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. NOTE RECEIVABLE**

On January 31, 2020, PIHC entered into a note receivable agreement with another organization for \$150,000. The note accrued interest at 1.6% per year and matured on June 1, 2020. The principal amount of the note and any accrued but unpaid interest was due and payable in three equal monthly installments beginning April 1, 2020.

PIHC reviewed the note receivable balance when amounts became past due, and a determination was made to the collectability of the receivable. During 2022, it was determined to write off the uncollectible balance.

**5. PROPERTY AND EQUIPMENT**

Property and equipment is stated at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets (primarily five years). Leasehold improvements are amortized over the life of the lease. Property and equipment consists of the following at December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Vehicle	\$ 40,313	\$ 40,313
Computer equipment and software	2,006,252	1,689,231
Furniture and fixtures	737,871	710,117
Leasehold improvements	3,072,155	3,056,658
Dental equipment	809,441	-
Construction in progress	-	779,355
	6,666,032	6,275,674
Less accumulated depreciation	(3,675,873)	(2,771,340)
	<b>\$ 2,990,159</b>	<b>\$ 3,504,334</b>

Depreciation expense of \$904,533 and \$806,970 was recorded for the years ended December 31, 2023 and 2022, respectively.

**6. LINE OF CREDIT**

On January 15, 2021, PIHC entered into a line of credit with a bank with maximum available borrowings of up to \$2,000,000. In January 2022, PIHC renewed the line of credit agreement and increased borrowing capacity to \$3,000,000. The line has an interest rate of the prime rate (8.50% at December 31, 2023) and matured in March 2024 and was renewed to April 2025 subsequent to year end. The line did not have a balance at December 31, 2023 or 2022.

**POSITIVE IMPACT HEALTH CENTERS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**7. RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions were available for the following purposes at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specific purposes:		
Client services	\$ 99,000	\$ 99,000
	<u>\$ 99,000</u>	<u>\$ 99,000</u>

Net assets with donor restrictions released from restrictions during the years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Client service	\$ 129,000	\$ 104,171
Prevention	-	125,000
Medical services	-	5,000
	<u>\$ 129,000</u>	<u>\$ 234,171</u>

**8. RIGHT-OF-USE LEASE ASSETS AND LEASE LIABILITIES**

Right-of-use assets and liabilities are classified as follows on the statements of financial position as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Operating Leases</b>		
Operating lease right-of-use assets, net	<u>\$ 7,423,634</u>	<u>\$ 6,453,654</u>
Operating lease liabilities	<u>\$ 10,655,031</u>	<u>\$ 9,863,921</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Weighted Average Remaining Lease Term</b>		
Operating leases	7.22 years	8.01 years
<b>Weighted Average Discount Rate</b>		
Operating leases	6.25%	6.25%

**POSITIVE IMPACT HEALTH CENTERS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

Future maturities of lease liabilities as of December 31, 2023 were as follows:

<b>For the Years Ending December 31,</b>	<b><u>Amount</u></b>
2024	\$ 1,578,289
2025	1,713,716
2026	1,763,735
2027	1,931,149
2028	1,972,516
Thereafter	<u>4,428,812</u>
Total lease payments	13,388,217
Less interest	<u>(2,733,186)</u>
Present value of lease liabilities	<u><u>\$ 10,655,031</u></u>

The following is a summary of lease expense recorded in the statement of activities for the years ended December 31, 2023 and 2022:

	<b><u>2023</u></b>	<b><u>2022</u></b>
Operating lease expense included in:		
Client services and housing	\$ 233,354	\$ 213,378
Medical services	721,938	582,031
HIV prevention education	140,913	111,922
Management and general	229,165	141,970
Fund raising	<u>12,897</u>	<u>54,131</u>
	<u><u>\$ 1,338,267</u></u>	<u><u>\$ 1,103,432</u></u>

Not included in the amounts above are leases with an initial term of 12 months or less. Expense for these such leases are \$1,038,341 and \$943,985 for the years ended December 31, 2023 and 2022.

**POSITIVE IMPACT HEALTH CENTERS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**9. GRANTS FROM GOVERNMENT AGENCIES**

PIHC is the recipient of federal financial assistance from several government agencies. The balances of these grants and awards as of December 31, 2023, are as follows:

	<u>Cumulative Awards</u>	<u>Cumulative Expenditures Incurred</u>	<u>Available Funds on Grants</u>
Department of Housing and Urban Development – federal grants	\$ 9,734,098	\$ 5,691,389	\$ 4,042,709
Department of Health and Human Services – federal grants	<u>36,790,225</u>	<u>30,157,507</u>	<u>6,632,718</u>
	<u>\$ 46,524,323</u>	35,848,896	<u>\$ 10,675,427</u>
Less expenditures related to prior year		<u>23,299,471</u>	
Federal revenue for the year ended December 31, 2023		<u>\$ 12,549,425</u>	

**10. EMPLOYEE BENEFIT PLAN**

Effective April 2008 PIHC adopted a 401(k) plan (the Plan) for those employees who meet the eligibility requirements set forth in the Plan. All Plan participants are allowed to contribute any amount up to the legal maximum allowed. PIHC contributes 5% of a participant's compensation deferred to the Plan. Senior staff receive an additional 1% and the CEO receives an additional 2%. Employer contributions amounted to approximately \$930,600 and \$796,300 for years ended December 31, 2023 and 2022, respectively.

**11. PAID TIME OFF**

Employees earn paid time off (PTO) depending on years of service. Accrued PTO is paid upon an employee's termination. A liability for accumulated PTO of \$490,599 and \$483,521 was accrued in the financial statements at December 31, 2023 and 2022, respectively.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**12. LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects PIHC's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 15,247,735	\$ 15,875,621
Program receivables, net	5,721,439	4,418,446
Grants and contribution receivables	2,299,758	2,044,599
Investments	<u>971,463</u>	<u>842,872</u>
Financial assets, at year-end	24,240,395	23,181,538
Less assets unavailable for general expenditures within one year:		
Net assets with donor restrictions unavailable due to donor-imposed purpose restrictions	<u>(99,000)</u>	<u>(99,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 24,141,395</u></u>	<u><u>\$ 23,082,538</u></u>

PIHC is substantially supported by federal grants and contributions. Because a donor's restrictions require resources to be used in a particular manner or in a future period, PIHC must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of PIHC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**13. CONTINGENCIES**

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance.

During the normal course of business, PIHC may become involved in various legal issues. In the opinion of management, any such matters will not have a material effect upon the financial position of PIHC, and significant losses, if any, would be adequately covered by insurance.

**SINGLE AUDIT SECTION**

**INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors  
Positive Impact Health Centers, Inc.

We have audited the financial statements of Positive Impact Health Centers, Inc. as of and for the year ended December 31, 2023, and have issued our report thereon dated June 28, 2024, which contained an unmodified opinion on those financial statements and appears on Pages 1 through 3. Our audit was 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 basic 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.

*Warren Averett, LLC*

Atlanta, Georgia  
June 28, 2024



**POSITIVE IMPACT HEALTH CENTERS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Award Amount</b>	<b>Expenditures</b>
U.S. Department of Treasury passed through Georgia Department of Treasury COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0203	\$ 453,590	<u>\$ 453,590</u>
<b>Recovery Funds</b>	Subtotal 21.027			<u>453,590</u>
U.S. Department of Health and Human Services/Ryan White Part A	93.914		5,048,737	1,201,161
U.S. Department of Health and Human Services/Ryan White Part A	93.914		5,161,774	3,941,508
U.S. Department of Health and Human Services/ Ryan White Part A/Minority AIDS Initiative	93.914		279,052	165,951
U.S. Department of Health and Human Services/ Ryan White Part A/Minority AIDS Initiative	93.914		54,296	40,570
U.S. Department of Health and Human Services passed through Health Resources and Services Administration/AIDS United	93.914	3031018-AU	175,994	112,557
U.S. Department of Health and Human Services passed through Health Resources and Services Administration/AIDS United	93.914	3031018-AU	189,987	<u>80,898</u>
<b>HIV Emergency Relief Project Grants</b>	Subtotal 93.914			<u>5,542,645</u>
U.S. Department of Health and Human Services/Ryan White Part B	93.917		799,696	162,290
U.S. Department of Health and Human Services/Ryan White Part B	93.917		799,696	653,994
U.S. Department of Health and Human Services/Ryan White Part B	93.917		589,753	99,103
U.S. Department of Health and Human Services/Ryan White Part B	93.917		589,753	<u>464,848</u>
<b>HIV Care Formula Grants</b>	Subtotal 93.917			<u>1,380,235</u>

See accompanying notes to the schedule of expenditures of federal awards.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Award Amount</b>	<b>Expenditures</b>
U.S. Department of Health and Human Services passed through Fulton County/Ending the HIV Epidemic: A Plan for America/ Ryan White HIV/AIDS Programs Parts A and B	93.686	UT8HA33933	\$ 702,301	\$ 377,744
U.S. Department of Health and Human Services passed through Fulton County/Ending the HIV Epidemic: A Plan for America/ Ryan White HIV/AIDS Programs Parts A and B	93.686	UT8HA33933	386,441	<u>374,728</u>
<b>Ending the HIV Epidemic: A Plan for America/ Ryan White HIV/AIDS Program Parts A and B</b>	Subtotal 93.686			<u>752,472</u>
U.S. Department of Health and Human Services/Ryan White Part C	93.918		567,558	209,180
U.S. Department of Health and Human Services/Ryan White Part C	93.918		567,558	446,183
U.S. Department of Health and Human Services/Ryan White Part C	93.918		335,588	74,300
U.S. Department of Health and Human Services/Ryan White Part C	93.918		335,588	262,865
U.S. Department of Health and Human Services/Ryan White Part C	93.918		104,061	1,126
U.S. Department of Health and Human Services/Ryan White Part C	93.918		150,000	<u>8,926</u>
<b>Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease</b>	Subtotal 93.918			<u>1,002,580</u>
U.S. Department of Health and Human Services passed through Health Resources and Services Administration/Special Projects of National Significance	93.928	6 U90HA39764-03-01	360,000	<u>222,325</u>
<b>Special Projects of National Significance</b>	Subtotal 93.928			<u>222,325</u>

See accompanying notes to the schedule of expenditures of federal awards.

**POSITIVE IMPACT HEALTH CENTERS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Award Amount</b>	<b>Expenditures</b>
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ Individualized Medication Assisted Treatment and Therapy to Embrace Recovery	93.243		\$ 801,360	\$ 644,928
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ Individualized Medication Assisted Treatment and Therapy to Embrace Recovery	93.243		525,000	203,804
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ Individualized Recovery with Integrated Supportive Elements	93.243		500,000	398,966
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ Individualized Recovery with Integrated Supportive Elements	93.243		555,875	119,299
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ Connected Care Initiative	93.243		460,413	421,425
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ Connected Care Initiative	93.243		509,588	155,165
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ SUHN	93.243		300,000	13,870
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ GROWTH	93.243		500,000	89,180
<b>Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>	Subtotal 93.243			<u>2,046,637</u>

See accompanying notes to the schedule of expenditures of federal awards.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Award Amount</b>	<b>Expenditures</b>
U.S. Department of Health and Human Services passed through Georgia Department of Human Resources/ HIV Prevention Activities Health Department Based	93.940	40500-044-20192849	\$ 218,265	<u>\$ 218,265</u>
<b>HIV Prevention Activities Health Department Based</b>	Subtotal 93.940			<u>218,265</u>
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	PS151502COMHIGPHIV15	441,625	207,416
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	PS151502COMHIGPHIV15	441,625	205,273
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	PS151502COMHIGPHIV15	400,000	170,093
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	PS151502COMHIGPHIV15	400,000	<u>282,433</u>
<b>HIV Prevention Activities Non-Governmental Organization Based</b>	Subtotal 93.939			<u>865,215</u>
U.S. Department of Health and Human Services passed through RTI International	93.242	2-312-0217619-66128L	30,409	<u>5,061</u>
<b>Mental Health Research Grant</b>	Subtotal 93.242			<u>5,061</u>
U.S. Department of Treasury passed through Gwinnett County/ Emergency Food and Shelter Program	97.024	Phase 39 / ARPA	10,400	10,400
U.S. Department of Treasury passed through Gwinnett County/ Emergency Food and Shelter Program	97.024	Phase 39 / ARPA	50,000	<u>50,000</u>
<b>Emergency Food and Shelter Program Fund</b>	Subtotal 97.024			<u>60,400</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 12,549,425</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2023**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Positive Impact Health Centers, Inc. (PIHC) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of PIHC, it is not intended to and does not present the financial position, changes in net assets or cash flows of PIHC.

**2. INDIRECT COST RATE**

PIHC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**3. SUBRECIPIENTS**

There were no expenditures to subrecipients during the year ended December 31, 2023.

**INDEPENDENT AUDITORS' 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  
Positive Impact Health Centers, Inc.

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 Positive Impact Health Centers, Inc. (PIHC) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PIHC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PIHC's internal control. Accordingly, we do not express an opinion on the effectiveness of PIHC'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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether PIHC'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 financial statements. 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 PIHC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Warren Averett, LLC*

Atlanta, Georgia  
June 28, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Positive Impact Health Centers, Inc.

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

***Opinion on each Major Federal Program***

We have audited Positive Impact Health Centers, Inc.'s (PIHC) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on PIHC's major federal programs for the year ended December 31, 2023. PIHC's major federal programs are identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs.

In our opinion, PIHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PIHC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of PIHC's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to PIHC's federal programs.



### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on PIHC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PIHC's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PIHC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of PIHC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 PIHC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Warren Averett, LLC*

Atlanta, Georgia  
June 28, 2024

**POSITIVE IMPACT HEALTH CENTERS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**Section 1      Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

**Unmodified**

Internal control over financial reporting:

Material weaknesses identified?

Yes \_\_\_

No √

Significant deficiencies identified?

Yes \_\_\_

None reported √

Noncompliance material to financial statements noted?

Yes \_\_\_

No √

***Federal Awards***

Internal control over major programs:

Material weaknesses identified?

Yes \_\_\_

No √

Significant deficiencies identified?

Yes \_\_\_

None reported √

Type of auditors' report issued on compliance for major programs:

**Unmodified**

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

Yes \_\_\_

No √

***Identification of Major Programs***

**Assistance Listing Number(s)**

**Name of Federal Program or Cluster**

21.027

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

93.243

U.S. Department of Health and Human Services/Substance Abuse and Mental Health Services

93.686

U.S. Department of Health and Human Services passed through Fulton County/Ending the HIV Epidemic: A Plan for America/Ryan White HIV/AIDS Programs Parts A and B

93.939

U.S. Department of Health and Human Services passed through Center for Disease Control

Dollar threshold used to distinguish between type A and type B programs:

**\$ 750,000**

Auditee qualified as low-risk auditee?

Yes √

No \_\_\_

**POSITIVE IMPACT HEALTH CENTERS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**Section 2                    Financial Statement Findings Reported in Accordance with  
   Government Auditing Standards**

We noted no findings or questioned costs which are required to be reported under *Government Auditing Standards* for the year ended December 31, 2023.

**Section 3                    Federal Award Findings and Questioned Costs**

We noted no findings or questioned costs which are required to be reported under Section 2 CFR 200.516(a), *Audits of States, Local Governments, and Non-Profit Organizations* for the year ended December 31, 2023.

**SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors  
Positive Impact Health Centers, Inc.

We have audited the financial statements of Positive Impact Health Centers, Inc. as of and for the year ended December 31, 2023, and have issued our report thereon dated June 28, 2024, which contained an unmodified opinion on those financial statements and appears on Pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary material on Pages 42 and 43 is presented for the purpose 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.

*Warren Averett, LLC*

Atlanta, Georgia  
June 28, 2024

**POSITIVE IMPACT HEALTH CENTERS, INC.  
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2023**

		<u>Total Budgets</u>	<u>Cash Receipts</u>	<u>Expenditures Incurred</u>	<u>Balance Due from State</u>
<b>Georgia Department of Human Resources/</b>					
<b>HIV Prevention Activities</b>					
Contract #40500-044-20192849	Contract year – 01/01/22–12/31/22	\$ 218,265	\$ 193,750	\$ -	\$ -
Contract #40500-044-22192849	Contract year – 01/01/23–12/31/23	242,789	133,652	218,265	84,613
<b>TOTAL</b>		<u>\$ 461,054</u>	<u>\$ 327,402</u>	<u>\$ 218,265</u>	<u>\$ 84,613</u>

See independent auditors' report on supplementary information.

**POSITIVE IMPACT HEALTH CENTERS, INC.  
PROGRAM INCOME DISTRIBUTION  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Ryan White Part A</b>	<b>Ryan White Part B</b>	<b>Ryan White Part C</b>	<b>CDC</b>	<b>SAMHSA</b>	<b>Georgia Prevention</b>	<b>Total Program Income</b>
Patient and clinic income							
Clinic insurance	\$ 590,376	\$ 132,214	\$ 82,614	\$ -	\$ -	\$ -	\$ 805,204
Patient income	350,296	78,449	49,018	-	-	-	477,763
Clinic Medicare	17,558	3,932	2,457	-	-	-	23,947
Clinic Medicaid	30,031	6,725	4,202	-	-	-	40,959
Clinic medical records	447	100	63	-	-	-	610
Other program income							
STI services	-	-	-	894	-	-	894
Therapy service	-	-	-	-	27,724	-	27,724
Contract Pharm-Gwinnett	-	-	-	52,353	-	-	52,353
ADAP fill fees	-	-	-	46,522	-	-	46,522
PrEP income	1,969	441	275	-	-	-	2,685
	<u>\$ 990,676</u>	<u>\$ 221,862</u>	<u>\$ 138,630</u>	<u>\$ 99,769</u>	<u>\$ 27,724</u>	<u>\$ -</u>	<u>\$ 1,478,661</u>

See independent auditors' report on supplementary information.