

**POSITIVE IMPACT HEALTH CENTERS, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2021**

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
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**DECEMBER 31, 2021**

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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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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 reports dated May 17, 2022 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 those reports 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. Those reports are 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  
May 17, 2022



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

For the year ended 2021

[Abstract](#)

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

View our website  
scan the QR Code



## 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 30 years, Positive Impact Health Centers has provided client-centered care to the HIV community and worked tirelessly to prevent the transmission of HIV throughout the Metro Atlanta Area.

Our agency provides HIV comprehensive specialty care through clinical care, gender affirming care, mental health counseling, addiction treatment, testing, STD-treatment, support programs in medical case management, patient navigators, transportation and housing, and through prevention, 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

5,040

Total # Of Patients Served

1,365

PrEP Retention

90%

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

In December of 2021 we launched a Local Pharmacy Assistance Program (LPAP) at the Decatur and Duluth Pharmacies. This program provides financial assistance to eligible patients to assistance in their affordability of their medications. PIHC Pharmacies utilize RxLocal, a free mobile application patient can download onto their smartphones and communicate directly with the pharmacy team via text message. The RxLocal App is fully HIPAA compliant and integrates with the pharmacy fill software keeping record of communications made between patients and the pharmacy team. Patients can utilize the application to request refills, see the operational hours of the pharmacy or set-up delivery of their medications.

At the end of 2021 PIHC Pharmacies were filling on average 5,197 prescriptions per month between our two retail pharmacy locations. In total our pharmacies filled close to 62,368 prescriptions in 2021. Both were increases compared to 2020 where our average monthly prescriptions were 2,800 and year-end total was 33,600.

### COVID-19

The unprecedented international outbreak of the novel coronavirus (COVID-19) has had numerous economic and operational impacts on the U.S. economy and global financial markets, as well as affecting PIHC employees, patients, communities and business operations. As apart of our mission to best serve the community in May of 2021, our door remained open throughout COVID-19.

### Operations

In 2021, PIHC grew by 20% despite COVID-19. In addition to the growth of PIHC's operations we received the highest annual patient satisfaction survey in our history. Our Preventions Services department tested more than 5,000 people during the year. PIHC has served over 5,040 patients in the year of 2021. During the year we became the largest PrEP program in the state of GA. Client Services department served over 2000 patients with Behavioral Health experiencing 13,000 visits.

Expanding our operational hours has become a success. Due to the success we are offering psychiatry services at each location.

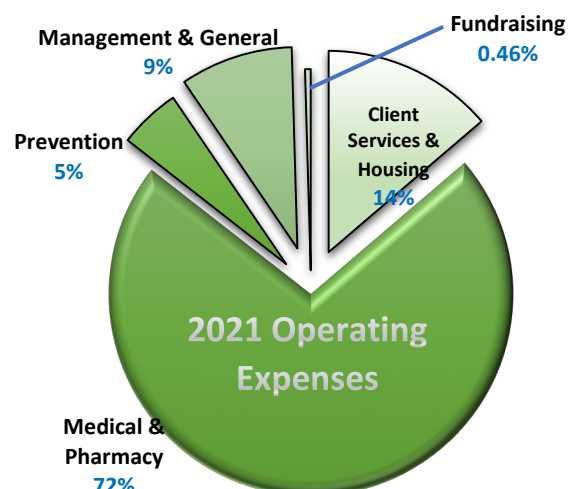


## Financial Information

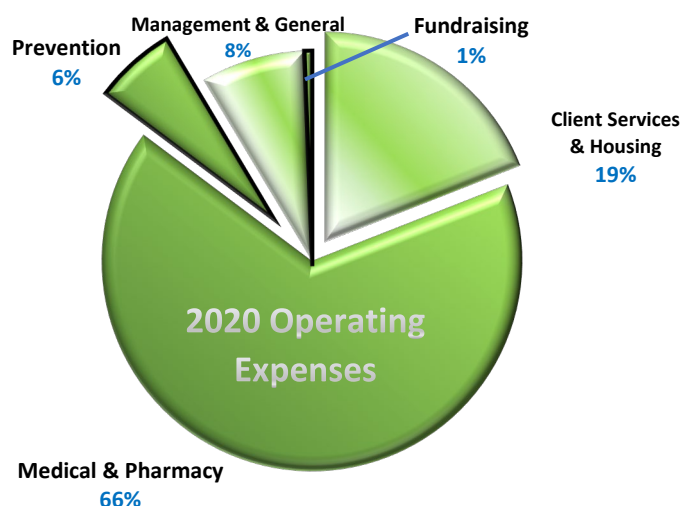
Our financials report on a calendar year of January 1<sup>st</sup>-December 31<sup>st</sup>. Those financials reflect a 12-month operating year from January 1, 2021-December 31, 2021.

### Statement of Activities

	<i>FY 2021</i>	<i>FY 2020</i>
<b>Operating Revenue and Support</b>		
Contributions	\$274.5K	\$364.4K
Fundraising	\$146.2K	\$56.6K
Federal Grants	\$10.5M	\$11.4M
340 B Cost Savings, Retail Pharmacy & Clinic	\$49.3M	\$36.9M
Other Program Income <i>incl. in-kind</i>	\$509.8K	\$444.5K
<b>Total Operating Revenue and Support</b>	<b>\$60.7M</b>	<b>\$49.1M</b>
<b>Operating Expenses</b>		
Client Services & Housing	\$7.4M	\$8.0M
Medical & Pharmacy	\$38.1M	\$27.9M
Prevention	\$2.7M	\$2.6M
Management & General	\$4.9M	\$3.4M
Fundraising	\$242.4K	\$243.1K
<b>Total Operating Expenses</b>	<b>\$53.3M</b>	<b>\$42.2M</b>
<b>Nonoperating (Income)/Expenses</b>		
Investment (Income) and Expenses	(\$126.9K)	(\$96.2K)
(Gain)/Loss on Disposal/Sale of Assets	(\$3.0K)	\$2.6K
<b>Total Nonoperating (Income)/Expenses</b>	<b>(\$129.9K)</b>	<b>(\$93.6K)</b>
<b>Change in Net Assets</b>		
Beginning of Year	\$15.7M	\$8.6M
End of Year	\$23.1M	\$15.7M
<b>Total Change</b>	<b>\$7.4M</b>	<b>\$7.1M</b>



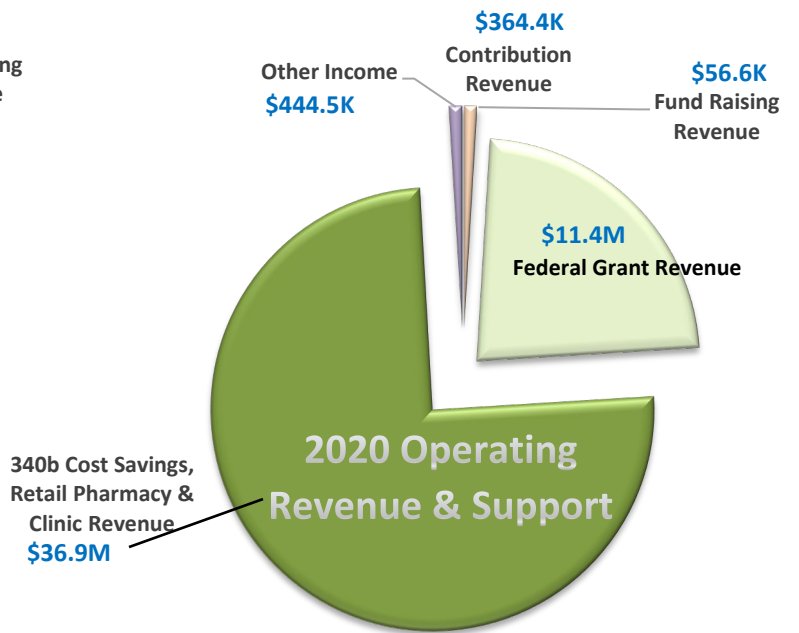
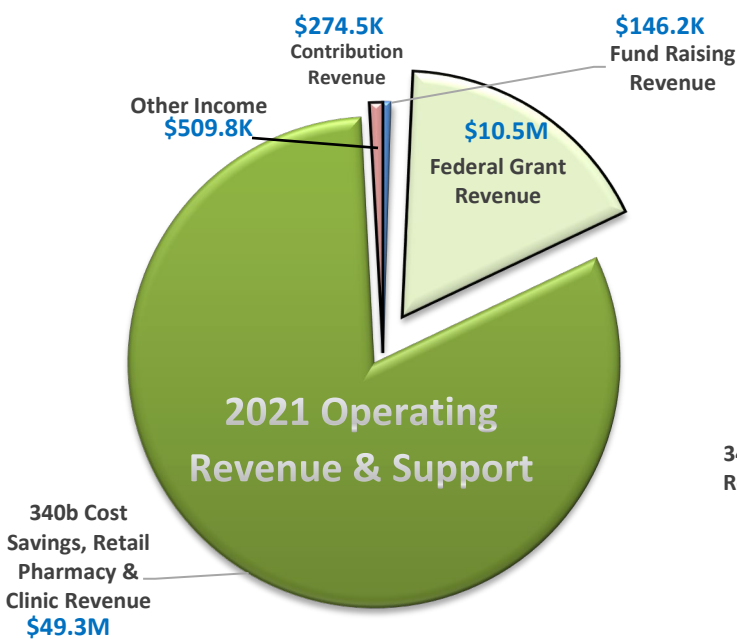
In both years, 90% or more of every dollar went directly to program (client-related) services



# Operating Revenue

The following chart reflects selected financial information on a consolidated basis through the twelve months ending December 31, 2021.

The following chart reflects selected financial information on a consolidated basis through the twelve months ending December 31, 2020.



# Federal Grants

2021

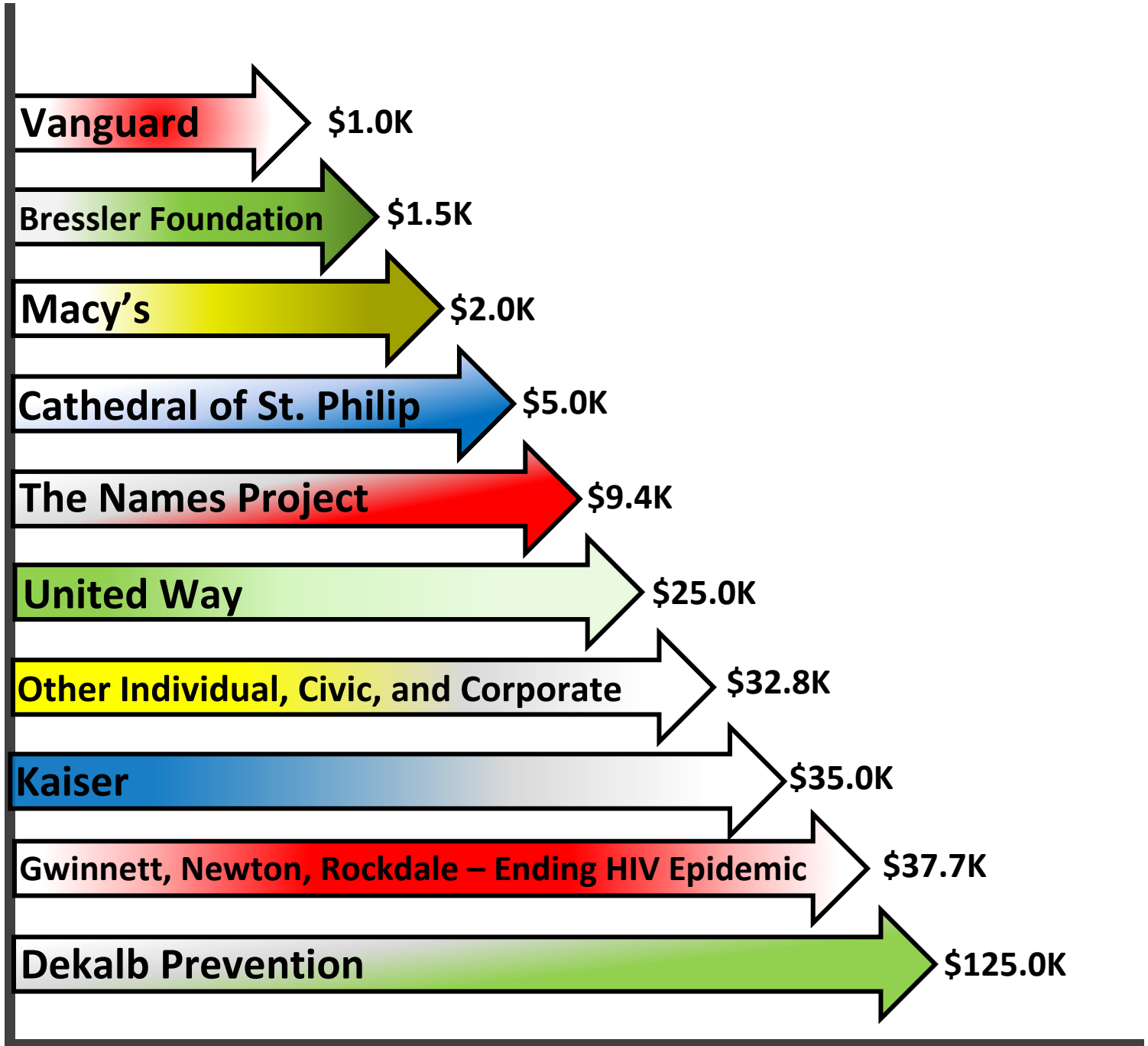


**Total \$10.5M**

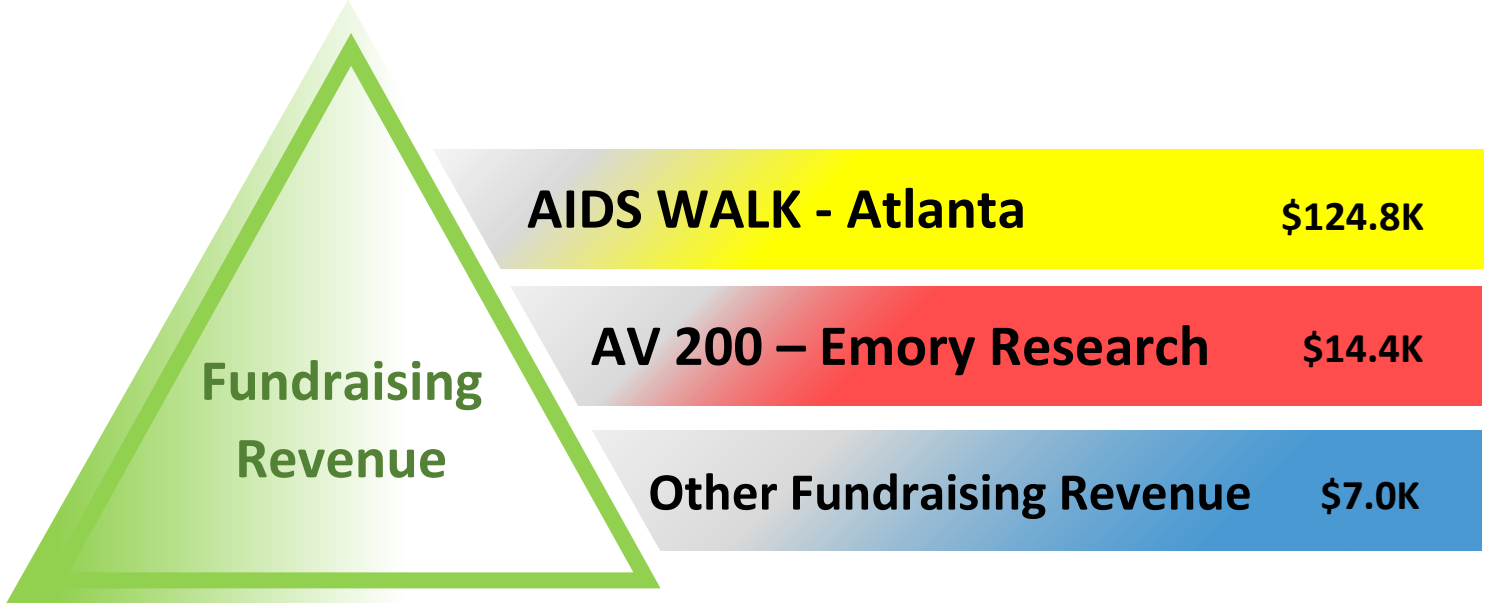
AIDS United Behavioral Health (pass-through)	<b>\$28.9K</b>
Centers for Disease Control	<b>\$526.9K</b>
CDBG - Gwinnett County	<b>\$35.0K</b>
Georgia Department of Public Health	<b>\$218.3K</b>
Gwinnett County Housing COVID	<b>\$48.3K</b>
SAMHSA BW	<b>\$324.1K</b>
HOPWA	<b>\$28.9K</b>
Research Triangle Institute International (pass-through)	<b>\$1.2M</b>
SAMHSA-IMATTER	<b>\$10.7K</b>
SAMHSA FUSE-II	<b>\$429.9K</b>

Ryan White A	<b>\$5.2M</b>
Ryan White A COVID19	<b>\$72.6K</b>
Ryan White A Ending the HIV Epidemic	<b>\$227.1K</b>
Ryan White B	<b>\$667.6K</b>
Ryan White B Cobb	<b>\$550.6K</b>
Ryan White B Cobb COVID	<b>\$15.6K</b>
Ryan White B COVID 19	<b>\$5.4K</b>
Ryan White C	<b>\$468.8K</b>
Ryan White C COVID 19	<b>\$19.6K</b>
Ryan White Part C Capacity Grant – Dental	<b>\$150.0K</b>

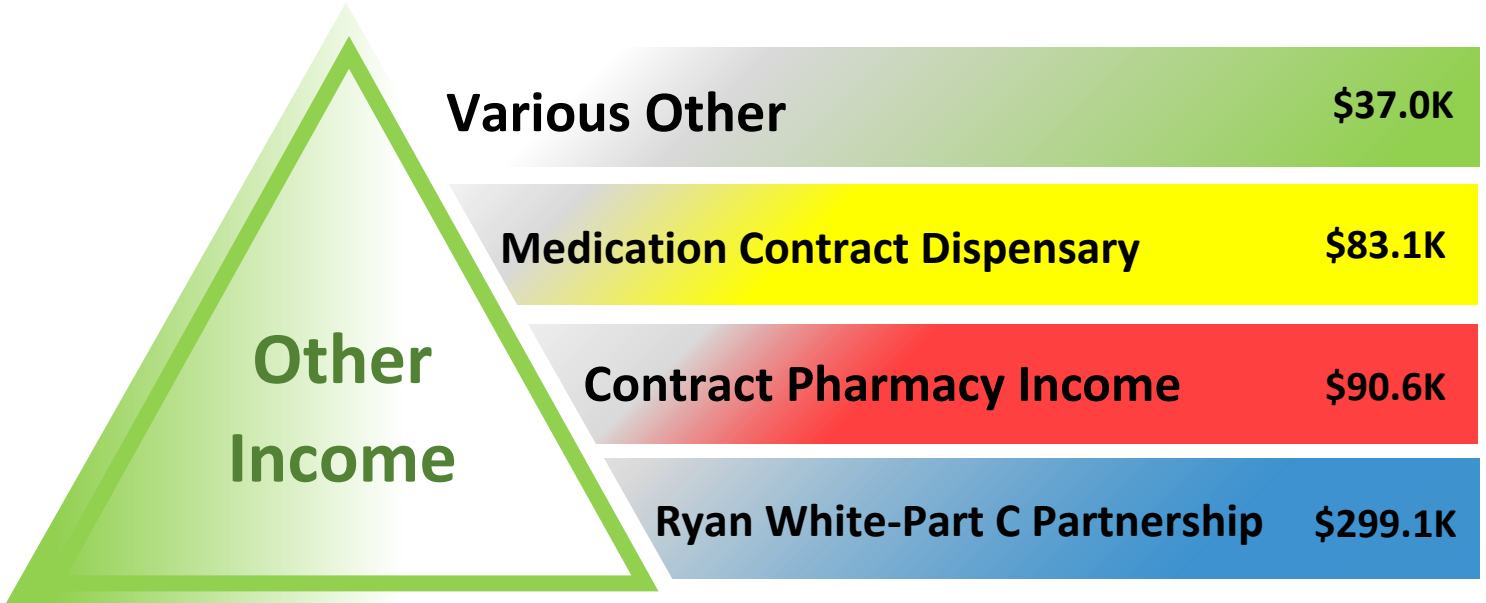
**Contribution Revenue** 2021 Total \$274.5K



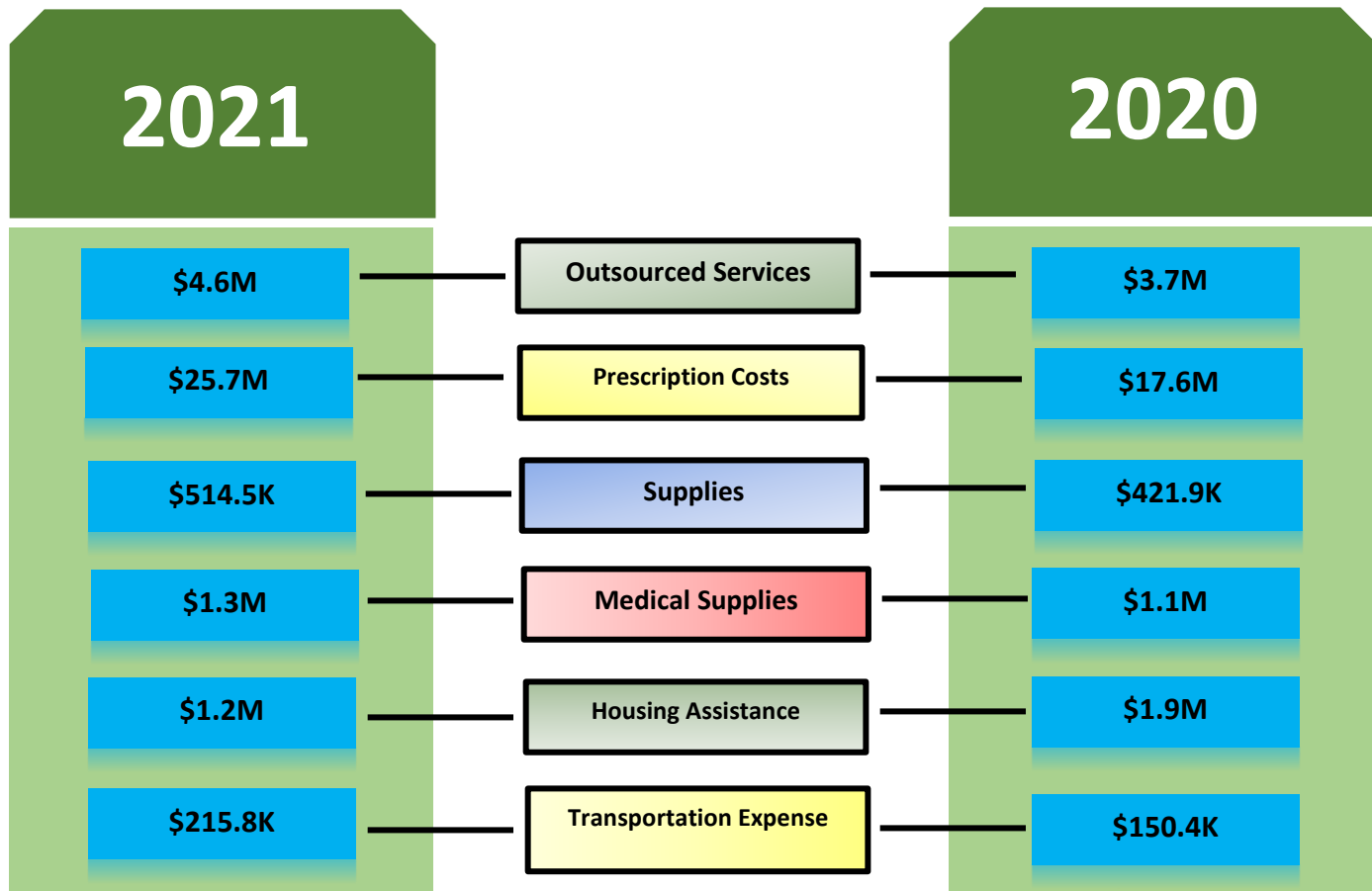
**Fundraising Revenue** 2021 → Total \$146.2K



**Other Income** 2021 → Total \$509.8K



## Operating Expenses (key expenses)



**Outsourced Services** - Increase in outsourced services is related to an increase patient-related procured services due to program growth and lessening of restrictions related to COVID 19.

**Prescription Costs** - Increase due to associated increase in inventory purchases due to the growth of the 340b program.

**Supplies** - Increase due to patient HIV preventative supplies and incentives.

**Medical Supplies** – Increase in this category is due to program growth.

**Housing Assistance** – We continue to serve the most vulnerable population in Atlanta through our Housing Assistance Program.

**Patient Transportation Expense** - Increase due to the resumption of transportation services that were scaled back in 2020 due to COVID 19.

## 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.

**2021**

**39  
Days**

Inventory Turnover  
Ratio

**2020**

**40  
Days**

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

**2021**

**10  
Days**

Average Days to sell  
inventory

**2020**

**12  
Days**

The above KPIs speak to the growth in the 340B program, the rapid pace at which meet patients needing prescriptions and the short amount of time in which we keep inventory on our shelves. The above KPIs signify that our patient prescriptions are selling well, that we serving the most vulnerable population quickly via our Pharmacy and that the 340B program continues to see growth at the Positive Impact Health Centers.

The increase of inventory turnover and is directly correlated with the increase in cost savings associated with the 340B program.

**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  
DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>		
	<b>2021</b>	<b>2020</b>
Cash	\$ 15,548,194	\$ 10,217,967
Investments	1,024,821	910,726
Program receivables, net	3,528,845	2,596,118
Grants and contribution receivables	2,551,222	2,973,720
Note receivable, net	10,000	20,000
Pharmacy inventory	738,458	588,101
Prepaid expenses	265,894	208,892
Property and equipment, net of accumulated depreciation	3,791,076	2,048,218
Deposits	62,973	102,376
<b>TOTAL ASSETS</b>	<b>\$ 27,521,483</b>	<b>\$ 19,666,118</b>
<b>LIABILITIES AND NET ASSETS</b>		
	<b>2021</b>	<b>2020</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,323,567	\$ 1,948,946
Deferred rent	2,062,523	2,001,795
Advance from government agency	-	9,496
<b>TOTAL LIABILITIES</b>	<b>4,386,090</b>	<b>3,960,237</b>
<b>NET ASSETS</b>		
Without donor restrictions	23,063,902	15,691,670
With donor restrictions		
Restricted by purpose	71,491	14,211
<b>TOTAL NET ASSETS</b>	<b>23,135,393</b>	<b>15,705,881</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 27,521,483</b>	<b>\$ 19,666,118</b>

See notes to the financial statements.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
*(with comparative totals for 2020)*

	<b>2021</b>		<b>2020</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	\$ 10,462,556	\$ -	\$ 10,462,556	\$ 11,391,600
Contributions	44,779	229,680	274,459	364,362
Special events, net of direct expenses of \$0 each year	146,238	-	146,238	56,581
Section 340B program income	44,383,371	-	44,383,371	33,518,091
Program income	974,045	-	974,045	769,597
Pharmacy retail income	4,373,773	-	4,373,773	2,999,652
Other income	6,861	-	6,861	20,723
In-kind contributions	30,100	-	30,100	36,700
Net investment income	126,910	-	126,910	96,216
Total public support and revenue	60,548,633	229,680	60,778,313	49,253,522
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
	172,400	(172,400)	-	-
Net public support and revenue	60,721,033	57,280	60,778,313	49,253,522
<b>EXPENSES</b>				
Program services				
Client services and housing	7,404,415	-	7,404,415	8,035,169
Medical services	38,137,970	-	38,137,970	27,895,692
HIV prevention education	2,662,089	-	2,662,089	2,632,765
Supporting services				
Management and general	4,901,964	-	4,901,964	3,363,953
Fundraising	242,363	-	242,363	242,556
Total expenses	53,348,801	-	53,348,801	42,170,135
<b>CHANGES IN NET ASSETS</b>	7,372,232	57,280	7,429,512	7,083,387
<b>NET ASSETS AT:</b>				
<b>BEGINNING OF YEAR</b>	15,691,670	14,211	15,705,881	8,622,494
<b>END OF YEAR</b>	\$ 23,063,902	\$ 71,491	\$ 23,135,393	\$ 15,705,881

See notes to the financial statements.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
*(with comparative totals for 2020)*

	2021					2020	
	Program Services			Supporting Services		Total Expenses	Total Expenses
	Client Services and Housing	Medical Services	HIV Prevention Education	Management and General	Fund Raising		
Salaries	\$ 3,954,966	\$ 4,554,203	\$ 1,558,017	\$ 1,797,711	\$ 119,847	\$ 11,984,744	\$ 10,779,220
Payroll taxes	519,225	609,450	177,263	232,299	15,538	1,553,775	1,389,930
Employee benefits	794,772	932,879	271,335	355,579	23,783	2,378,348	2,171,548
Total salaries and related expenses	5,268,963	6,096,532	2,006,615	2,385,589	159,168	15,916,867	14,340,698
Contract services	323,123	3,636,684	119,990	518,071	640	4,598,508	3,730,370
Pharmacy	-	25,730,987	-	-	-	25,730,987	17,568,675
Supplies	63,156	50,727	340,283	51,596	8,688	514,450	421,871
Medical supplies	-	1,322,207	-	-	-	1,322,207	1,061,091
Housing assistance	1,172,894	-	-	-	-	1,172,894	1,942,487
Office expense	126,249	558,488	52,734	805,926	51,783	1,595,180	912,775
Rent and utilities	228,828	332,702	87,379	143,146	8,092	800,147	346,546
Transportation expense	28,386	135,385	4,261	44,713	3,011	215,756	150,445
Other	20,195	113,038	8,455	83,504	7,095	232,287	260,695
Insurance	9,393	91,708	14,788	83,357	-	199,246	86,276
Telephone expense	13,194	44,544	16,678	91,591	3,886	169,893	105,196
Professional fees	20,709	24,968	10,906	71,737	-	128,320	90,319
Nutrition	129,325	-	-	-	-	129,325	696,647
Interest expense	-	-	-	-	-	-	7
Total expense before depreciation	7,404,415	38,137,970	2,662,089	4,279,230	242,363	52,726,067	41,714,098
Depreciation	-	-	-	622,734	-	622,734	456,037
<b>TOTAL EXPENSES</b>	<b>\$ 7,404,415</b>	<b>\$ 38,137,970</b>	<b>\$ 2,662,089</b>	<b>\$ 4,901,964</b>	<b>\$ 242,363</b>	<b>\$ 53,348,801</b>	<b>\$ 42,170,135</b>
<b>Percentage of total expenses</b>	14%	72%	5%	9%	0%	100%	

See notes to the financial statements.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 7,429,512	\$ 7,083,387
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	622,734	456,037
Allowance for doubtful note receivable	6,861	80,000
Accrued interest	(6,861)	-
Unrealized gain on investments	(114,120)	(100,434)
Realized (gain) loss on sale of investments	(8,283)	11,321
(Gain) loss on sale of property and equipment	(3,000)	2,591
(Increase) decrease in:		
Clinic receivables	(932,727)	(106,919)
Grant receivables	422,498	619,988
Pharmacy inventory	(150,357)	(290,754)
Prepaid expenses	(57,002)	(35,177)
Deposits	39,403	(83,068)
Increase (decrease) in:		
Accounts payable and accrued liabilities	374,621	707,512
Deferred rent	60,728	(391,113)
Advance from government agency	(9,496)	9,496
Net cash provided by operating activities	7,674,511	7,962,867
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(2,365,592)	(403,060)
Proceeds from sale of property and equipment	3,000	-
Investments	8,308	984
Issuance of note receivable	-	(150,000)
Repayments on note receivable	10,000	50,000
Net cash used in investing activities	(2,344,284)	(502,076)
<b>NET INCREASE IN CASH</b>	5,330,227	7,460,791
<b>CASH AT BEGINNING OF YEAR</b>	10,217,967	2,757,176
<b>CASH AT END OF YEAR</b>	\$ 15,548,194	\$ 10,217,967
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	\$ -	\$ 7

See notes to the financial statements.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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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 education 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**

### **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.

### **Cash Equivalents**

For purposes of the statements of cash flows, PIHC considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

### **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. At December 31, 2021 and 2020, PIHC's uninsured cash balance was \$15,090,122 and \$10,089,776, respectively.

As of December 31, 2021 and 2020, 30% and 41% of receivables, respectively, are related to two funders.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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 Financial Accounting Standards Board (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.

*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 \$21,448,765 and \$14,646,611 are recognized in the accompanying financial statements for the years ended December 31, 2021 and 2020, respectively. Program receivables of \$12,638 and \$38,603 are recorded as of December 31, 2021 and 2020, respectively.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

*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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Patient and clinic income	\$ 477,791	\$ 354,650
Other program income	<u>496,254</u>	<u>414,947</u>
	<u>\$ 974,045</u>	<u>\$ 769,597</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.

**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. As of December 31, 2021, the allowance for doubtful accounts amounted to \$12,590. Management did not believe an allowance was necessary at December 31, 2020.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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, 2021 or 2020.

**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).

**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 \$30,100 and \$36,700 were recognized for the years ended December 31, 2021 and 2020, 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 1,300 and 1,600 volunteer hours during the years ended December 31, 2021 and 2020, 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.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Comparative Statements**

The amounts shown for the year ended December 31, 2020, in the accompanying financial statements, are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 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, 2020, from which the summarized information was derived.

**Reclassifications**

Certain 2020 amounts have been reclassified to conform to the 2021 presentation. These reclassifications had no effect on net assets as previously reported.

**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.

**Recently Issued Accounting Standards**

In February 2016, the FASB issued ASU No. 2016-02: *Leases (Topic 842)*. It requires the lease rights and obligations arising from lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the statements of financial position. ASU No. 2016-02 is effective for PIHC in fiscal year 2022 and must be adopted using a modified retrospective approach. PIHC is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its financial statements.

**Events Occurring After Report Date**

Management has evaluated events and transactions that occurred between December 31, 2021 and May 17, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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, 2021 and 2020, are comprised of the following:

	<b>2021</b>		<b>2020</b>	
	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>
Equities	\$ 755,592	\$ 471,741	\$ 631,349	\$ 497,131
Fixed income	269,229	255,218	279,377	249,209
Total investments measured at fair value	<u>\$ 1,024,821</u>	<u>\$ 726,959</u>	<u>\$ 910,726</u>	<u>\$ 746,340</u>

Net investment income for the years ended December 31, 2021 and 2020, are composed of:

	<b>2021</b>	<b>2020</b>
Interest and dividend income	\$ 17,645	\$ 17,700
Net realized gain on investments	8,283	10,175
Unrealized gain on investments	114,120	78,938
Brokerage fees	<u>(13,138)</u>	<u>(10,597)</u>
	<u>\$ 126,910</u>	<u>\$ 96,216</u>

**4. NOTE RECEIVABLE**

On January 31, 2020, PIHC entered into a note receivable agreement with another organization for \$150,000. The note accrues interest at 1.6% per year and matured on June 1, 2020. The principal amount of the note and any accrued but unpaid interest shall be 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 2021 and 2020, payments of \$10,000 and \$50,000, respectively, were received and an allowance of approximately \$91,000 and \$80,000 was recorded as of December 31, 2021 and 2020, respectively. PIHC intends to pursue collection of the note in full.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Vehicle	\$ 40,313	\$ 35,070
Computer equipment and software	1,440,033	939,699
Furniture and fixtures	654,222	119,027
Leasehold improvements	3,019,836	2,335,128
Construction in progress	605,042	-
	<u>5,759,446</u>	<u>3,428,924</u>
Less accumulated depreciation and amortization	<u>(1,968,370)</u>	<u>(1,380,706)</u>
	<u>\$ 3,791,076</u>	<u>\$ 2,048,218</u>

Depreciation and amortization expense of \$622,734 and \$456,037 was recorded for the years ended December 31, 2021 and 2020, respectively.

**6. LINE OF CREDIT**

During 2020, PIHC had a line of credit with a bank for \$1,000,000. The line accrued interest monthly at prime rate plus 0.5% and matured in October 2020. The line did not have a balance at December 31, 2020.

On January 15, 2021, PIHC entered into a line of credit with a new 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 (3.25% at December 31, 2021) and matures in January 2023. The line did not have a balance at December 31, 2021.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**7. RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions were available for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specific purposes:		
Client services	\$ 66,491	\$ -
Prevention	-	8,133
Medical services	<u>5,000</u>	<u>6,078</u>
	<u>\$ 71,491</u>	<u>\$ 14,211</u>

Net assets with donor restrictions released from restrictions during the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Client service	\$ 33,189	\$ 24,700
Prevention	133,253	273,991
Medical services	<u>5,958</u>	<u>93,851</u>
	<u>\$ 172,400</u>	<u>\$ 392,542</u>

**8. OPERATING LEASES**

PIHC leases office and clinic space and certain office equipment under non-cancellable operating leases through June 2031. Rent expense for the years ended December 31, 2021 and 2020 was \$1,945,000 and \$1,291,000, respectively. Operating lease expense is accounted for on a straight-line basis. During 2017, PIHC relocated one of its offices. In connection with, and as an enticement for, the relocation, the landlord paid \$2,400,000 in cash and leasehold improvement incentives. During 2018, PIHC relocated another location and received an additional \$748,640 in leasehold improvement incentives. During 2021, PIHC leased another location for administrative purposes and received an additional \$451,297 in leasehold improvement incentives. These incentives are included in deferred rent on the statements of financial position and are being amortized over the life of the lease.

**POSITIVE IMPACT HEALTH CENTERS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**8. OPERATING LEASES – CONTINUED**

Future minimum rental payments required under the leases are as follows:

2022	\$ 1,081,868
2023	1,113,381
2024	1,027,656
2025	703,213
2026	723,292
Thereafter	2,440,075

**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, 2021, 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>18,875,149</u>	<u>15,369,598</u>	<u>3,505,551</u>
	<u>\$ 28,609,247</u>	21,060,987	<u>\$ 7,548,260</u>
Less expenditures related to prior year		<u>10,598,431</u>	
Federal revenue for the year ended December 31, 2021		<u>\$ 10,462,556</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 \$634,700 and \$590,600 for years ended December 31, 2021 and 2020, respectively.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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 \$441,243 and \$507,507 was accrued in the financial statements at December 31, 2021 and 2020, respectively.

**12. LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects PIHC's financial assets as of December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 15,548,194	\$ 10,217,967
Clinic receivables	3,528,845	2,596,118
Grants receivable	2,551,222	2,973,720
Investments	<u>1,024,821</u>	<u>910,726</u>
Financial assets, at year-end	22,653,082	16,698,531
Less assets unavailable for general expenditures within one year:		
Net assets with donor restrictions unavailable due to donor-imposed purpose restrictions	<u>(71,491)</u>	<u>(14,211)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 22,581,591</u>	<u>\$ 16,684,320</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.

**POSITIVE IMPACT HEALTH CENTERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**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, 2021, and have issued our report thereon dated May 17, 2022, 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  
May 17, 2022

**POSITIVE IMPACT HEALTH CENTERS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<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 Housing and Urban Development passed through City of Atlanta/Housing Opportunities for Persons with AIDS	14.241	250132511	\$ 5,059,000	\$ 515,459
U.S. Department of Housing and Urban Development passed through City of Atlanta/Housing Opportunities for Persons with AIDS	14.241	250132511	4,675,098	<u>981,368</u>
<b>Housing Opportunities for Persons with AIDS</b>	Subtotal 14.241			<u>1,496,827</u>
U.S. Department of Health and Human Services/Ryan White Part A	93.914		4,647,691	1,147,059
U.S. Department of Health and Human Services/Ryan White Part A	93.914		4,820,377	4,011,975
U.S. Department of Health and Human Services/ COVID-19 Ryan White Part A	93.914		212,782	72,595
U.S. Department of Health and Human Services passed through Health Resources and Services Administration/AIDS United	93.914	U69HA31067	115,245	<u>28,946</u>
<b>HIV Emergency Relief Project Grants</b>	Subtotal 93.914			<u>5,260,575</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, 2021**

<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/Ryan White Part B	93.917		\$ 799,696	\$ 171,043
U.S. Department of Health and Human Services/Ryan White Part B	93.917		799,696	496,539
U.S. Department of Health and Human Services/Ryan White Part B	93.917		589,753	122,110
U.S. Department of Health and Human Services/Ryan White Part B	93.917		589,753	428,506
U.S. Department of Health and Human Services/ COVID-19 Ryan White Part B	93.917		32,000	5,354
U.S. Department of Health and Human Services/ COVID-19 Ryan White Part B	93.917		32,000	<u>15,646</u>
<b>HIV Care Formula Grants</b>	Subtotal 93.917			<u>1,239,198</u>
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	106,559	20,940
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	394,379	206,140
<b>Ending the HIV Epidemic: A Plan for America/ Ryan White HIV/AIDS Program Parts A and B</b>	Subtotal 93.686			<u>227,080</u>
U.S. Department of Health and Human Services/Ryan White Part C	93.918		499,740	181,230
U.S. Department of Health and Human Services/Ryan White Part C	93.918		499,740	287,562
U.S. Department of Health and Human Services/ COVID-19 Ryan White Part C	93.918		115,619	19,627
U.S. Department of Health and Human Services/Ryan White Part C	93.918		150,000	<u>150,000</u>
<b>Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease</b>	Subtotal 93.918			<u>638,419</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, 2021**

<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 Health Resources and Services Administration/Special Projects of National Significance	93.928	5 H97HA31433-03-00	\$ 360,000	<u>\$ 324,125</u>
<b>Special Projects of National Significance</b>	Subtotal 93.928			<u>324,125</u>
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ Facilitating United Service Efforts	93.243		485,000	350,886
U.S. Department of Health and Human Services/ Substance Abuse and Mental Health Services/ Facilitating United Service Efforts	93.243		485,000	78,973
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	<u>10,687</u>
<b>Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>	Subtotal 93.243			<u>440,546</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, 2021**

<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	40500-044-19192849	\$ 218,265	\$ 46,399
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>193,741</u>
<b>HIV Prevention Activities Health Department Based</b>	Subtotal 93.940			<u>240,140</u>
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	PS151502COMHIGPHIV15	697,681	324,979
U.S. Department of Health and Human Services passed through Center for Disease Control	93.939	PS151502COMHIGPHIV15	697,681	<u>180,043</u>
<b>HIV Prevention Activities Non-Governmental Organization Based</b>	Subtotal 93.939			<u>505,022</u>
U.S. Department of Health and Human Services passed through RTI International	93.242	2-312-0217619-66128L	30,409	<u>7,355</u>
<b>Mental Health Research Grant</b>	Subtotal 93.242			<u>7,355</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, 2021**

<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 Gwinnett County/ Coronavirus Relief Fund	21.019	CRF-HUA-038	\$ 100,000	<u>\$ 48,269</u>
<b>Coronavirus Relief Fund</b>	Subtotal 21.019			<u>48,269</u>
U.S. Department of Treasury passed through Gwinnett County/ Community Development Block Grant Funds	14.218	B-20-UC-13-0004	35,000	<u>35,000</u>
<b>Community Development Block Grant Funds</b>	Subtotal 14.218			<u>35,000</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 10,462,556</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, 2021**

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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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Positive Impact Health Centers, Inc., 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, 2021.

**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, 2021, 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 May 17, 2022.

**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 our 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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Warren Averett, LLC*

Atlanta, Georgia  
May 17, 2022

**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 program for the year ended December 31, 2021. PIHC's major federal program is 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 program for the year ended December 31, 2021.

***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 program 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  
May 17, 2022

**POSITIVE IMPACT HEALTH CENTERS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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 <u>√</u>
Significant deficiencies identified?	Yes ___	None reported <u>√</u>
Noncompliance material to financial statements noted?	Yes ___	No <u>√</u>

***Federal Awards***

Internal control over major programs:

Material weaknesses identified?	Yes ___	No <u>√</u>
Significant deficiencies identified?	Yes ___	None reported <u>√</u>

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**

93.914

U.S. Department of Health and Human Services/Ryan White Part A

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 – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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, 2021.

**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, 2021.

**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, 2021, and have issued our report thereon dated May 17, 2022, 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 45 and 46 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  
May 17, 2022



**POSITIVE IMPACT HEALTH CENTERS, INC.  
SCHEDULE OF STATE CONTRACTUAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

		<u>Total Budgets</u>	<u>Cash Receipts</u>	<u>Expenditures Incurred</u>	<u>Balance Due from State</u>
<b>Georgia Department of Human Resources/ HIV Prevention Activities</b>					
Contract #0500-044-20192849	Contract year – 01/01/20–12/31/20	\$ 218,265	\$ 218,265	\$ 46,399	\$ -
Contract #40500-044-20192849	Contract year – 01/01/21–12/31/21	218,265	157,363	193,741	36,378
<b>TOTAL</b>		<u>\$ 436,530</u>	<u>\$ 375,628</u>	<u>\$ 240,140</u>	<u>\$ 36,378</u>

See independent auditors' report on supplementary information.

**POSITIVE IMPACT HEALTH CENTERS, INC.  
PROGRAM INCOME DISTRIBUTION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<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	\$ 173,741	\$ 38,909	\$ 24,312	\$ -	\$ -	\$ -	\$ 236,963
Patient income	116,150	26,012	16,253	-	-	-	158,415
Clinic Medicare	29,158	6,530	4,080	-	-	-	39,768
Clinic Medicaid	30,745	6,885	4,302	-	-	-	41,933
Clinic medical records	522	117	73	-	-	-	712
Other program income							
STI services	-	-	-	21,123	-	-	21,123
Therapy service	-	-	-	-	2,318	-	2,318
Contract Pharm-Gwinnett	-	-	-	90,606	-	-	90,606
ADAP fill fees	-	-	-	83,137	-	-	83,137
Marietta grants pass-through	219,278	49,107	30,685	-	-	-	299,070
	<u>\$ 569,594</u>	<u>\$ 127,561</u>	<u>\$ 79,706</u>	<u>\$ 194,866</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ 974,045</u>

See independent auditors' report on supplementary information.