



AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

AYUDA, INC.

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FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2014**

AYUDA, INC.

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GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Ayuda, Inc., which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ayuda, Inc. as of September 30, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited Ayuda, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on page I-14, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2016 on our consideration of Ayuda, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ayuda, Inc.'s internal control over financial reporting and compliance.



January 27, 2016

AYUDA, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 454,260	\$ 257,136
Grants receivable	460,601	504,466
Pledges receivable, net of allowance for doubtful accounts	46,105	22,293
Prepaid expenses	<u>54,851</u>	<u>25,044</u>
Total current assets	<u>1,015,817</u>	<u>808,939</u>
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Furniture, equipment and leasehold improvements	94,815	89,689
Less: Accumulated depreciation and amortization	<u>(71,880)</u>	<u>(61,699)</u>
Net furniture, equipment and leasehold improvements	<u>22,935</u>	<u>27,990</u>
OTHER ASSETS		
Deposits and other assets	31,984	28,384
Pledges receivable, net of current maturities and allowance for doubtful accounts	<u>19,336</u>	<u>59,224</u>
Total other assets	<u>51,320</u>	<u>87,608</u>
TOTAL ASSETS	<u>\$ 1,090,072</u>	<u>\$ 924,537</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Capital lease	\$ 4,652	\$ 5,913
Accounts payable and accrued liabilities	55,633	43,163
Accrued salaries and other payroll liabilities	<u>47,311</u>	<u>25,512</u>
Total current liabilities	<u>107,596</u>	<u>74,588</u>
LONG-TERM LIABILITIES		
Capital lease, net of current portion	1,981	6,631
Deferred rent	<u>117,807</u>	<u>113,921</u>
Total long-term liabilities	<u>119,788</u>	<u>120,552</u>
Total liabilities	<u>227,384</u>	<u>195,140</u>
NET ASSETS		
Unrestricted	251,131	274,988
Temporarily restricted	<u>611,557</u>	<u>454,409</u>
Total net assets	<u>862,688</u>	<u>729,397</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,090,072</u>	<u>\$ 924,537</u>

AYUDA, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Foundation grants	\$ 260,749	\$ 824,581	\$ 1,085,330	\$ 730,081
Government grants	1,513,778	175,067	1,688,845	828,767
Program service fees	669,644	-	669,644	693,379
In-kind contributions	2,609,079	-	2,609,079	1,514,650
Contributions	79,714	-	79,714	201,758
Indirect contributions	22,889	-	22,889	19,748
Special events	71,120	-	71,120	50,788
Miscellaneous	361	-	361	483
Net assets released from donor imposed restrictions	842,500	(842,500)	-	-
Total revenue	6,069,834	157,148	6,226,982	4,039,654
EXPENSES				
Program Services	5,619,948	-	5,619,948	3,490,971
General and Administrative	151,630	-	151,630	172,910
Fundraising	322,113	-	322,113	186,793
Total expenses	6,093,691	-	6,093,691	3,850,674
Change in net assets	(23,857)	157,148	133,291	188,980
Net assets at beginning of year	274,988	454,409	729,397	540,417
NET ASSETS AT END OF YEAR	\$ 251,131	\$ 611,557	\$ 862,688	\$ 729,397

AYUDA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015			2014	
	Program Services	General and Administrative	Fundraising	Total Expenses	Total Expenses
Salaries	\$1,638,480	\$ 79,457	\$ 160,957	\$1,878,894	\$1,228,275
Fringe benefits and taxes	249,457	13,345	27,494	290,296	170,856
Travel	22,868	3,316	4,983	31,167	14,890
Professional services	242,994	7,019	75,811	325,824	176,346
Accounting/audit	45,805	1,807	3,604	51,216	39,240
Technology support	22,929	547	2,258	25,734	24,078
Emergency fund	248,848	-	-	248,848	211,898
Equipment expense	15,081	278	1,269	16,628	14,371
Supplies	49,140	5,726	1,080	55,946	24,123
Dues and subscriptions	11,118	1,552	5,308	17,978	11,997
Interpreter fees	145,631	-	-	145,631	77,969
Insurance	19,490	885	701	21,076	21,713
Occupancy	235,376	11,142	20,688	267,206	227,328
Postage and delivery	13,065	1,674	2,426	17,165	11,773
Printing and advertising	5,637	101	9,906	15,644	4,566
Interest	-	768	-	768	640
Telephone and fax	20,055	(842)	1,749	20,962	27,985
Training and development	23,352	1,007	3,315	27,674	30,923
Depreciation and amortization	-	10,181	-	10,181	5,719
Licenses and permits	1,391	4,471	564	6,426	3,012
In-kind contributions	2,609,079	-	-	2,609,079	1,514,650
Miscellaneous	152	9,196	-	9,348	8,322
TOTAL	\$5,619,948	\$ 151,630	\$ 322,113	\$6,093,691	\$3,850,674

AYUDA, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 133,291	\$ 188,980
Adjustments to reconcile in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	10,181	5,719
(Increase) decrease in:		
Grants receivable	43,865	(142,627)
Pledges receivable	16,076	(81,517)
Prepaid expenses	(29,807)	3,371
Deposits and other assets	(3,600)	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	12,470	(9,321)
Accrued salaries and other payroll liabilities	21,799	(439)
Deferred rent	<u>3,886</u>	<u>11,738</u>
Net cash provided (used) by operating activities	<u>208,161</u>	<u>(24,096)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>(5,126)</u>	<u>-</u>
Net cash used by investing activities	<u>(5,126)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	<u>(5,911)</u>	<u>(3,973)</u>
Net cash used by financing activities	<u>(5,911)</u>	<u>(3,973)</u>
Net increase (decrease) in cash and cash equivalents	197,124	(28,069)
Cash and cash equivalents at beginning of year	<u>257,136</u>	<u>285,205</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 454,260</u>	<u>\$ 257,136</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 768</u>	<u>\$ 640</u>
Capital Lease Obligation Incurred for Purchase of Furniture and Equipment	<u>\$ -</u>	<u>\$ 9,528</u>

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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

Basis of presentation -

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

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Ayuda, Inc.'s financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Cash and cash equivalents -

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

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

Grants and pledges receivable -

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

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

Furniture, equipment and leasehold improvements -

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

Depreciation and amortization expense for the year ended September 30, 2015 totaled \$10,181.

Ayuda, Inc. capitalizes all items over \$1,000, except purchases made with Federal funds, which are expensed as incurred. The cost of maintenance and repairs is recorded as expenses are incurred.

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Uncertain tax positions -

For the year ended September 30, 2015, Ayuda, Inc. has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Income taxes -

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

Net asset classification -

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

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

Contributions and grants -

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

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

In-kind contributions -

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

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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

Use of estimates -

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

Functional allocation of expenses -

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

2. PLEDGES RECEIVABLE

Ayuda, Inc. has received pledges to be paid over the next several years. The pledges have been appropriately discounted using an interest rate of 3.25%.

The following is a summary of pledges receivable as September 30, 2015:

<u>Year Ending September 30,</u>	<u>Total</u>	<u>Allowance for Uncollectible Pledges</u>	<u>Discount to Present Value</u>	<u>Net</u>
2016	\$ 48,531	\$ 2,426	\$ -	\$ 46,105
2017	14,549	728	1,289	12,532
2018	<u>7,899</u>	<u>395</u>	<u>700</u>	<u>6,804</u>
	<u>\$ 70,979</u>	<u>\$ 3,549</u>	<u>\$ 1,989</u>	<u>\$ 65,441</u>

3. LINE OF CREDIT

Ayuda, Inc. has a \$100,000 bank line of credit, which matures September 8, 2016. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 2% (5.25% at September 30, 2015). There was no outstanding balance on this line of credit as of September 30, 2015.

Ayuda, Inc. also has another \$100,000 bank line of credit, which matures March 10, 2016. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 1% (4.25% at September 30, 2015). There was no outstanding balance on this line of credit as of September 30, 2015. The lines are secured by cash held in accounts at the same financial institutions.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at September 30, 2015:

Program Services	\$ 383,221
General Support - Time Restricted	<u>228,336</u>
	<u>\$ 611,557</u>

5. NET ASSETS RELEASED FROM RESTRICTIONS

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

Program Services	\$ 399,002
General Support - Passage of Time	<u>443,498</u>
	<u>\$ 842,500</u>

6. LEASE COMMITMENTS

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

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

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

Rent expense for the year ended September 30, 2015 for both leases totaled \$267,206, and is included in occupancy expense in the accompanying Statement of Functional Expenses.

At September 30, 2015, the future minimum lease payments under these lease agreements are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 225,017
2017	233,478
2018	213,212
2019	192,409
2020	200,105
Thereafter	<u>172,276</u>
	<u>\$ 1,236,497</u>

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

6. LEASE COMMITMENTS (Continued)

On April 5, 2013, Ayuda, Inc. entered into a capital lease agreement for the purchase of a phone system for the Virginia office, which expires in March 2016. As of September 30, 2015, the net book value of the leased asset was \$2,140.

During 2014, Ayuda, Inc. entered into a capital lease agreement for the purchase of a phone system for the DC office, which expires in April 2017. As of September 30, 2015, the net book value of the leased asset was \$6,828.

Future minimum lease payments at September 30, 2015 are as follows:

<u>Year Ending September 30,</u>		
2016	\$	5,044
2017		<u>2,005</u>
		7,049
Less: Interest		<u>(416)</u>
		6,633
Less: Current portion		<u>(4,652)</u>
LONG-TERM PORTION	\$	<u>1,981</u>

In March 2012, Ayuda, Inc. entered into a five-year operating office equipment lease ending in February 2017. Under the terms of the agreement, monthly payments will be the same throughout the term of the lease.

At September 30, 2015, the future minimum lease payments under these operating equipment leases are as follows:

<u>Year Ending September 30,</u>		<u>Amount</u>
2016	\$	9,086
2017		<u>1,514</u>
		<u>\$ 10,600</u>

7. CONTINGENCY

Ayuda, Inc. receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2015. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

8. RETIREMENT PLAN

Ayuda, Inc. offers a retirement benefit plan through a qualified 403(b) tax-deferred annuity plan covering all eligible employees. Under the plan, Ayuda, Inc. deducts a percentage for the employee's income each pay period, up to the legally allowed limit per the employee's election. The plan permits only employee salary reduction contributions and does not provide for any other contributions by the employer; thus, there was no retirement expense incurred during the year ended September 30, 2015.

9. SUBSEQUENT EVENTS

In preparing these financial statements, Ayuda, Inc. has evaluated events and transactions for potential recognition or disclosure through January 27, 2016, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

AYUDA, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>Federal Granting Agency and Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S Department of Justice - Office of Violence Against Women		
Legal Assistance for Victims	16.524	\$ 193,516
Domestic Violence and Sexual Assault Program	16.016	<u>143,942</u>
Total U.S Department of Justice - Office of Violence Against Women		<u>337,458</u>
Government of the District of Columbia - Office of Victims Services, Pass Through from U.S Department of Justice		
Domestic Violence and Sexual Assault Program	16.588	<u>318,383</u>
Total Government of the District of Columbia - Office of Victims Services, Pass Through from U.S Department of Justice		<u>318,383</u>
US Committee for Refugees and Immigrants, Pass Through from US Department of Health and Human Services		
Home Study and Post Release Services for Unaccompanied Alien Children	93.676	<u>400,000</u>
Total US Committee for Refugees and Immigrants, Pass Through from US Department of Health and Human Services		<u>400,000</u>
Total Government of the District of Columbia		<u>718,383</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,055,841</u>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of Ayuda, Inc. under programs of the Federal government for the year ended September 30, 2015. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Ayuda, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Ayuda, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

AYUDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

- 1). Type of auditor's report issued: **Unmodified**
- 2). Internal control over financial reporting:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported
- 3). Noncompliance material to financial statements noted? Yes No

Federal Awards

- 4). Internal control over major programs:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported
- 5). Type of auditor's report issued on compliance for major programs: **Unmodified**
- 6). Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

7). Identification of major programs:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Government of the District of Columbia - Office of Victims Services, Pass Through from U.S Department of Justice		
Domestic Violence and Sexual Assault Program	16.588	\$ 318,383
US Committee for Refugees and Immigrants, Pass Through from US Department of Health and Human Services		
Home Study and Post Release Services for Unaccompanied Alien Children	93.676	\$ 400,000

- 8). Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- 9). Auditee qualified as a low-risk auditee? Yes No

AYUDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (Circular A-133, Section .510)

There were no reportable findings.

Section IV - Prior Year Findings

Finding 2014-001 Payroll Allocations

Federal Programs: All

Prior Year Comment: Our control testwork over Ayuda's allocation of salary expense revealed instances where the allocation to the general ledger did not agree to the amount of time worked on each project per the timesheet. It was noted that the total amount of the difference was immaterial.

Current Year Status: We noted no instances where Ayuda was allocating the incorrect amount of salary expense to an erroneous project or general ledger code. We consider this matter cleared in the current year.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ayuda, Inc. as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Ayuda, Inc.'s basic financial statements, and have issued our report thereon dated January 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ayuda, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ayuda, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ayuda, Inc.'s internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

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

January 27, 2016



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Ayuda, Inc.'s (the Ayuda, Inc.) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Ayuda, Inc.'s major federal programs for the year ended September 30, 2015. The Ayuda, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Ayuda, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Ayuda, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Ayuda, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, the Ayuda, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

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

Report on Internal Control Over Compliance

Management of the Ayuda, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Ayuda, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ayuda, Inc.'s internal control over compliance.

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

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



January 27, 2016