



STATE OF INDIANA
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October 28, 2014

Board of Directors
High Performance Government Network Corporation
7602 Patriot Crossing
Fort Wayne, IN 46816

We have reviewed the audit report prepared by Leonard J. Andorfer & Co., LLP, for the period January 1, 2012 to December 31, 2012. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of High Performance Government Network Corporation, as of December 31, 2012, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

HIGH PERFORMANCE GOVERNMENT NETWORK CORPORATION

FORT WAYNE, INDIANA

**Financial Statements
and Supplementary Information**

as of December 31, 2012

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LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

Park Lake Medical Building
2410 Lake Avenue - P.O. Box 5486 - Fort Wayne, Indiana 46895-5486
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INDEPENDENT AUDITOR'S REPORT

To the Officers
High Performance Government Network Corporation
Fort Wayne, Indiana

We have audited the accompanying financial statements of High Performance Government Network Corporation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis of as of December 31, 2012, and the related statement of revenue, expenses and change in net assets – modified cash basis, 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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. 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 assets, liabilities, and net assets of High Performance Government Network Corporation as of December 31, 2012, and its revenue and expenses and change in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses – modified cash basis on page 7 is presented for the purpose 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole, on the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Leonard J. Andorfer & Co., LLP

LEONARD J ANDORFER & CO., LLP
Certified Public Accountants
Fort Wayne, Indiana

August 22, 2013

HIGH PERFORMANCE GOVERNMENT NETWORK CORPORATION

Statement of Assets, Liabilities and Net Assets - Modified Cash Basis

ASSETS	December 31 <u>2012</u>
CURRENT ASSETS	
Cash	\$ 153,134
PROPERTY AND EQUIPMENT	
Equipment	9,899
Less: accumulated depreciation	(<u>9,587</u>)
Total Property and Equipment (net)	<u>312</u>
TOTAL ASSETS	<u><u>\$ 153,446</u></u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Payroll withholdings	\$ 7,464
NET ASSETS	
Unrestricted net assets	<u>145,982</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 153,446</u></u>

The Notes to Financial Statements
are an integral part of the statements.

HIGH PERFORMANCE GOVERNMENT NETWORK CORPORATION

**Statement of Revenue, Expenses and Change in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2012**

	<u>Unrestricted</u>
REVENUE	
Contributions	\$ 4,000
Memberships	4,000
Program service fees	340,926
Interest	<u>29</u>
Total Revenue	348,955
EXPENSES	
Program	202,376
Management and general	100,095
Fund raising	<u>4,538</u>
Total Expenses	<u>307,009</u>
CHANGE IN UNRESTRICTED NET ASSETS	41,946
NET ASSETS - BEGINNING OF YEAR	<u>104,036</u>
NET ASSETS - END OF YEAR	<u><u>\$ 145,982</u></u>

The Notes to Financial Statements
are an integral part of the statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities

High Performance Government Network Corporation is dedicated to creating a culture of excellence in government by cultivating change through networking and learning opportunities in management, leadership, process improvement, technology, and strategic partnerships.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting – The Organization’s policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to this basis include the recording of equipment and related depreciation and the recognition of payroll withholding liabilities.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net unrestricted assets if the restriction expires or is met in the reported period in which the support is recognized.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Contributions – Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and net assets are not reclassified in the statement of activities.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The organization maintains cash balances at one financial institution. Deposits at the institution are insured by the Federal Deposit Insurance Corporation. There were no amounts in excess of the federally insured limits at December 31, 2012.

Equipment – Equipment is stated at cost or, if received by contribution, at fair market value at the date received. The cost of equipment is depreciated over the estimated useful life of five years. Depreciation is computed on the straight-line method. It is not the Organization’s policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support. Equipment with an item cost or donated value of \$500 or more and an estimated useful life of one year or more is capitalized when acquired. Depreciation expense amounted to \$1,980 for the year ended December 31, 2012.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes – The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods include years ending December 31, 2010 – 2012.

Use of Estimates - The process of preparing financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Functional Expenses – The Organization allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to both functions are allocated by various statistical bases.

NOTE 3 – Operating Lease

The Organization leases office space under an operating lease expiring December 31, 2013. The lease requires monthly payments of \$465. Total rental expense under the lease for 2012 was \$5,580. This lease has two renewal options for two year periods ending December 31, 2015 and December 31, 2017.

Future minimum lease payments under the terms of the lease are as follows:

Year Ending December 31	Amount
2013	\$ 5,580

NOTE 4 – Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 10, 2013, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HIGH PERFORMANCE GOVERNMENT NETWORK CORPORATION

**Schedule of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2012**

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Fund Raising</u>	<u>Total 2012 Expenses</u>
SALARIES AND RELATED EXPENSES				
Salaries	\$ 111,184	\$ 76,423	\$ 3,712	\$ 191,319
Payroll taxes	7,790	5,132	279	13,201
Employee benefits	<u>15,589</u>	<u>6,014</u>	<u>375</u>	<u>21,978</u>
Total Salaries and Related Expenses	134,563	87,569	4,366	226,498
EXPENSES				
Contract labor	49,750			49,750
Occupancy	5,286	1,093	159	6,538
Office	3,008	2,125		5,133
Travel	3,688	625		4,313
Professional fees	4,365	2,603		6,968
Insurance	528	2,668	13	3,209
Technology		2,009		2,009
Miscellaneous		281		281
Subscriptions		259		259
Printing		<u>71</u>		<u>71</u>
Total Expenses Before Depreciation	201,188	99,303	4,538	305,029
Depreciation	1,188	792	-	1,980
TOTAL EXPENSES	<u>\$ 202,376</u>	<u>\$ 100,095</u>	<u>\$ 4,538</u>	<u>\$ 307,009</u>

See Independent Auditor's Report and
Accompanying Notes to financial statements.