



STATE OF INDIANA
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January 30, 2014

Board of Directors
Aids Task Force, Inc.
525 Oxford St.
Fort Wayne, IN 46806

We have reviewed the audit report prepared by Haines, Isenbarger & Skiba, LLC, Independent Public Accountants, for the period January 1, 2011 to December 31, 2011. 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 the Aids Task Force, Inc., as of December 31, 2011, 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.

STATE BOARD OF ACCOUNTS

Financial Statements and
Other Financial Information

AIDS TASK FORCE, INC.

*Years ended December 31, 2011 and 2010
with Report of Independent Auditors*

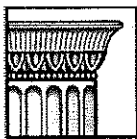
AIDS Task Force, Inc.

Financial Statements and
Other Financial Information

Years ended December 31, 2011 and 2010

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HAINES, ISENBARGER & SKIBA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

The Board of Directors
AIDS Task Force, Inc.

We have audited the accompanying statements of financial position of the AIDS Task Force, Inc. as of December 31, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the AIDS Task Force, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the AIDS Task Force, Inc. at December 31, 2011 and 2010 and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for purposes of forming an opinion on the financial statements for the years ended December 31, 2011 and 2010 taken as a whole. The accompanying schedule of government funds received for the year ended December 31, 2011 and schedule of contributions and grants for the years ended December 31, 2011 and 2010 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Haines, Isenbarger & Skiba, LLC

March 13, 2012

AIDS Task Force, Inc.

Statements of Financial Position

	December 31	
	2011	2010
Assets		
Cash and cash equivalents	\$ 115,545	\$ 119,803
Receivables:		
Pledges	41,300	42,926
Reimbursement claims—government grants	76,580	87,126
Other	10,571	3,268
	128,451	133,320
Prepaid expenses	18,977	17,659
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	3,496	3,670
Land, building, and equipment:		
Land and improvements	43,000	43,000
Building and improvements	708,491	705,593
Equipment	203,694	203,694
	955,185	952,287
Less accumulated depreciation	655,092	602,880
	300,093	349,407
Total assets	\$ 566,562	\$ 623,859
 Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 1,684	\$ 10,360
Accrued compensation	22,070	19,351
Tenant deposits	2,950	3,070
Mortgage note payable	-	1,894
Total liabilities	26,704	34,675
 Net assets:		
Unrestricted	392,522	440,410
Temporarily restricted	147,336	148,774
Total net assets	539,858	589,184
Total liabilities and net assets	\$ 566,562	\$ 623,859

See accompanying notes.

AIDS Task Force, Inc.

Statements of Activities and Changes in Net Assets

	Year ended December 31					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support, revenues, and gains						
Contributions and grants	\$ 23,735	\$ 228,599	\$ 252,334	\$ 13,959	\$ 263,308	\$ 277,267
Government grants	562,006	-	562,006	563,334	-	563,334
United Way	34,947	-	34,947	33,870	6,000	39,870
Special events	102,978	-	102,978	94,676	-	94,676
Medicaid fees	23,402	-	23,402	34,855	-	34,855
Rent	33,625	-	33,625	29,715	-	29,715
Investment income	97	-	97	902	-	902
Miscellaneous	6,752	-	6,752	1,942	-	1,942
Total support, revenues, and gains	787,542	228,599	1,016,141	773,253	269,308	1,042,561
before net assets released from restrictions	230,037	(230,037)	-	269,624	(269,624)	-
Net assets released from restrictions	1,017,579	(1,438)	1,016,141	1,042,877	(316)	1,042,561
Expenses						
Direct services	782,179	-	782,179	795,778	-	795,778
Residential services	98,150	-	98,150	95,292	-	95,292
Management and general	133,953	-	133,953	128,052	-	128,052
Fundraising	51,185	-	51,185	55,864	-	55,864
Total expenses	1,065,467	-	1,065,467	1,074,986	-	1,074,986
Decrease in net assets	(47,888)	(1,438)	(49,326)	(32,109)	(316)	(32,425)
Net assets at beginning of year	440,410	148,774	589,184	472,519	149,090	621,609
Net assets at end of year	\$ 392,522	\$ 147,336	\$ 539,858	\$ 440,410	\$ 148,774	\$ 589,184

See accompanying notes.

AIDS Task Force, Inc.

Statement of Functional Expenses

Year ended December 31, 2011

	Program Services		Supporting Services		Total
	Direct Services	Residential Services	Management and General	Fundraising	
Salaries	\$ 443,486	\$ 11,519	\$ 92,153	\$ 28,798	\$ 575,956
Employee benefits	77,578	3,103	17,585	5,172	103,438
Payroll taxes	33,114	1,325	7,506	2,208	44,153
Total salaries and related expenses	554,178	15,947	117,244	36,178	723,547
Conferences, conventions, and meetings	5,145	-	174	3,401	8,720
Dues, subscriptions, and permits	464	-	135	45	644
Insurance	6,108	4,836	1,272	509	12,725
Interest	-	10	-	-	10
Occupancy	27,515	25,680	6,114	1,834	61,143
Postage	4,079	-	887	946	5,912
Printing and publications	6,621	-	813	4,182	11,616
Professional and other fees	20,054	264	4,486	1,583	26,387
Specific assistance to individuals	112,677	-	-	-	112,677
Supplies	7,314	-	1,059	1,251	9,624
Telephone	3,924	245	540	196	4,905
Travel and transportation	33,578	-	707	1,060	35,345
Total expenses before depreciation	781,657	46,982	133,431	51,185	1,013,255
Depreciation	522	51,168	522	-	52,212
Total expenses	\$ 782,179	\$ 98,150	\$ 133,953	\$ 51,185	\$ 1,065,467

See accompanying notes.

AIDS Task Force, Inc.

Statement of Functional Expenses

Year ended December 31, 2010

	Program Services		Supporting Services		Total
	Direct Services	Residential Services	Management and General	Fundraising Expenses	
Salaries	\$ 427,524	\$ 11,105	\$ 88,836	\$ 27,761	\$ 555,226
Employee benefits	65,556	2,622	14,859	4,370	87,407
Payroll taxes	31,503	1,260	7,141	2,100	42,004
Total salaries and related expenses	524,583	14,987	110,836	34,231	684,637
Conferences, conventions, and meetings	13,433	-	455	8,879	22,767
Dues, subscriptions, and permits	623	-	182	61	866
Insurance	6,199	4,908	1,291	517	12,915
Interest	-	358	-	-	358
Occupancy	27,051	25,247	6,011	1,803	60,112
Postage	4,295	-	934	996	6,225
Printing and publications	8,297	-	1,019	5,240	14,556
Professional and other fees	19,524	257	4,367	1,541	25,689
Specific assistance to individuals	152,347	-	-	-	152,347
Supplies	9,243	-	1,338	1,581	12,162
Telephone	4,216	263	580	211	5,270
Travel and transportation	25,464	-	537	804	26,805
Total expenses before depreciation	795,275	46,020	127,550	55,864	1,024,709
Depreciation	503	49,272	502	-	50,277
Total expenses	\$ 795,778	\$ 95,292	\$ 128,052	\$ 55,864	\$ 1,074,986

See accompanying notes.

AIDS Task Force, Inc.
Statements of Cash Flows

	Year ended December 31	
	2011	2010
Operating activities		
Decrease in net assets	\$ (49,326)	\$ (32,425)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	52,212	50,277
Changes in operating assets and liabilities:		
Receivables	4,869	(23,985)
Prepaid expenses	(1,318)	(1,410)
Accounts payable	(8,676)	6,527
Accrued compensation	2,719	3,215
Tenant deposits	(120)	520
Net cash provided by operating activities	360	2,719
Investing activities		
Decrease (increase) in beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	174	(361)
Purchase of land, building, and equipment	(2,898)	(30,707)
Net cash used in investing activities	(2,724)	(31,068)
Financing activity		
Payments on mortgage note payable	(1,894)	(5,289)
Decrease in cash and cash equivalents	(4,258)	(33,638)
Cash and cash equivalents at beginning of year	119,803	153,441
Cash and cash equivalents at end of year	\$ 115,545	\$ 119,803

See accompanying notes.

AIDS Task Force, Inc.

Notes to Financial Statements

December 31, 2011

1. Organization and Summary of Significant Accounting Policies

Organization

The mission of the AIDS Task Force, Inc. (AIDS Task Force) is:

to help improve the quality of life for men, women and children with HIV and AIDS, to educate the community in order to decrease the incidence of HIV and STD infection, and to increase the public's understanding of and compassionate response to HIV and AIDS.

The AIDS Task Force was begun in 1985 by a group of volunteers who saw the need to care for people infected with the disease and provide the community with accurate information. The AIDS Task Force has grown into a professional social service agency serving hundreds of individual clients each year and sharing information with the general public in northeast Indiana through annual programs and presentations.

The AIDS Task Force offers services for persons living with HIV/AIDS, their families and loved ones, persons at risk for HIV, and the general public. Case management, residential services, prevention education, and public awareness remain central to the work of the AIDS Task Force.

The AIDS Task Force is a nonprofit voluntary health and welfare organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies for the 50 percent charitable contributions deduction limitation. The AIDS Task Force has been classified as an organization that is not a private foundation under Section 509(a) of the IRC.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The AIDS Task Force maintains cash accounts at a local bank. From time to time during the year, the AIDS Task Force's cash amounts exceeded federally insured limits.

Land, Building, and Equipment

Land, building, and equipment are stated at cost or if donated, at fair value at the date of the donation, except for land, building, and equipment that have been impaired. For impaired assets,

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Land, Building, and Equipment (continued)

the carrying amount is reduced to the estimated fair market value. There were no impaired assets at December 31, 2011. Items with a cost or value of \$1,500 or more and a useful life of one year or more are capitalized.

Depreciation is computed primarily by accelerated methods over the following estimated useful lives:

Land improvements	7 – 15 years
Building and improvements	7 – 27 years
Equipment	3 – 7 years

Expenditures for normal repairs and maintenance are expensed when incurred.

Net Assets

Net assets are allocated to and accounted for based upon the donor's intended purpose. Unrestricted net assets have no donor imposed restrictions placed upon them. In addition, the AIDS Task Force has received certain net assets for specific purposes or later periods of time or after specified dates, and these amounts are reported as temporarily restricted net assets. Temporarily restricted net assets include amounts whose use is limited by donor imposed stipulations that can be met and removed by actions of the AIDS Task Force pursuant to those stipulations, occurrence of a stated event, or passage of a specified time period. When donor imposed restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets include amounts whose use is limited by donor imposed restrictions which stipulate that resources be maintained permanently, but permits the AIDS Task Force to expend part or all of the income derived from the donated assets for either unrestricted or temporarily restricted purposes. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted. As of December 31, 2011 and 2010, the AIDS Task Force had no permanently restricted net assets.

Contributions and Pledges Receivable

Contributions, including gifts, grants, bequests, pledges, and other unconditional promises to give, without restrictions or stipulations are recorded as support (revenue) in the period received. Contributions are reported as temporarily restricted or permanently restricted support if they are received with donor imposed stipulations that limit their use.

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions and Pledges Receivable (continued)

Contributions of assets other than cash are recorded at their fair market value. The AIDS Task Force reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the AIDS Task Force reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The AIDS Task Force reclassifies these temporarily restricted net assets to unrestricted net assets at that time.

Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation. A substantial number of volunteers donate significant amounts of time in providing the AIDS Task Force's services; however, because the majority of donated services do not meet accounting guidelines, only limited amounts have been reported in the financial statements.

When considered necessary, the AIDS Task Force provides an allowance for doubtful receivables, which is based on historical collection experience and management's estimate of losses that will be incurred in the collection of all receivables. As of December 31, 2011 and 2010, no allowance for doubtful accounts was deemed necessary.

Government Support

Government support funded by grants is recognized as the AIDS Task Force performs the contracted services pursuant to grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

The AIDS Task Force receives a substantial amount of its support from government funds. A significant reduction in the level of this support, if this were to occur, may have an effect on the AIDS Task Force's programs and activities.

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Special Events

AIDS Task Force recognizes revenue from special events upon their completion. Special events include the AIDS Walk and Gay Lesbian Dinner Dance. The AIDS Task Force serves as the fiscal agent for the Gay Lesbian Dinner Dance.

Advertising

Advertising costs are charged to operations when incurred. Advertising costs charged to operations were \$4,732 in 2011 and \$5,717 in 2010.

Functional Allocation of Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates

Preparation of the 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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Pledges Receivable

Pledges receivable represent unconditional promises or pledges that are expected to be collected within one year. Pledges receivable consisted of the following:

	December 31	
	2011	2010
Indiana AIDS Fund	\$ 20,500	\$ 20,000
Foellinger Foundation	20,000	20,000
The St. Joseph Community Health Foundation, Inc.	800	2,926
	<u>\$ 41,300</u>	<u>\$ 42,926</u>

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

2. Pledges Receivable (continued)

The AIDS Task Force has received indication of an intention to give in the amount of \$12,500 from the United Way of Allen County. The expected funding is to be used for operations in 2012 and has not been recorded as an asset of the AIDS Task Force as of December 31, 2012.

3. Beneficial Interest in Funds Held by the Community Foundation of Greater Fort Wayne Inc.

The beneficial interest in the funds held and invested by the Community Foundation of Greater Fort Wayne Inc. (Community Foundation) of \$3,496 and \$3,670 at December 31, 2011 and 2010, respectively, is the result of an agreement whereby the AIDS Task Force has transferred assets to the Community Foundation and has specified itself as the beneficiary of the assets. The AIDS Task Force may draw up to a certain percent of the value of the assets each year, subject to certain conditions and limitations, but may only obtain a return of the full value of the assets upon consent of the Community Foundation.

Additionally, the Community Foundation holds funds, with a value of \$9,220 and \$8,393 at December 31, 2011 and 2010, respectively, for the benefit of the AIDS Task Force for which it has retained variance power. The AIDS Task Force is precluded from recognizing these assets held by the Community Foundation because the donors explicitly granted variance power to the Community Foundation. Accordingly, the AIDS Task Force only recognizes its annual grants by the Community Foundation from these funds as contributions.

4. Debt Arrangements

Pursuant to a revolving line of credit arrangement with a bank, the AIDS Task Force may borrow up to \$35,000 subject to certain terms and conditions. This line of credit arrangement is secured by real estate and is due on demand. The line of credit bears interest at the prime rate plus .5 percent (3.75 percent at December 31, 2011), which is payable monthly. There were no borrowings pursuant to this revolving line of credit arrangement at December 31, 2011 and 2010.

The mortgage note payable in the amount of \$1,894 at December 31, 2010 was due and paid off in 2011.

Interest expense and interest paid was \$10 in 2011 and \$358 in 2010.

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are to be used for the following purposes:

	December 31	
	2011	2010
Programs:		
Prevention	\$ 42,001	\$ 65,000
Client assistance	37,019	6,633
Women at Risk	11,667	11,667
Burmese Bi-lingual Care Coordination Technician	1,432	18,289
Youth empowerment	15,750	15,002
Strategic planning	7,800	-
Capital and technical	-	516
Future periods—operating support	31,667	31,667
	\$ 147,336	\$ 148,774

Net assets released from donor restrictions as a result of incurring expenses to satisfy the restricted purposes or by occurrence of other events specified by donors were \$230,037 in 2011 and \$269,624 in 2010.

Unrestricted net assets of \$78,622 and \$73,358 at December 31, 2011 and 2010, respectively, have been designated by the Board of Directors as the Ryan Fund to be used for emergencies, unanticipated expenses, and extraordinary opportunities.

6. Lease Commitments

On June 1, 2011, the AIDS Task Force entered into a lease for its program service and office facilities pursuant to an operating lease expiring on May 31, 2014. The monthly rent is \$2,000 and the AIDS Task Force is obligated for utilities, insurance, and any alterations made or installed on the premises. Future minimum payments using noncancelable operating leases with initial terms of one year or more consisted of the following at December 31, 2011:

2012	\$ 24,000
2013	24,000
2014	10,000
	\$ 58,000

Rent expense was \$24,000 in 2011 and 2010.

AIDS Task Force, Inc.

Notes to Financial Statements (continued)

7. Retirement Plan

The AIDS Task Force sponsors a tax deferred annuity plan under Section 403(b) of the IRC. All employees are eligible to participate in the plan. The plan provides for employer discretionary contributions to the plan; however, the Board of Directors has not authorized any contributions to the plan for 2011 and 2010.

8. Related Party Transactions

Certain members of the Board of Directors are employed by companies providing banking and other services to the AIDS Task Force. The fees paid to these companies were based on customary and reasonable rates for such services.

9. Subsequent Events

Management has evaluated subsequent events through March 13, 2012, the date on which the financial statements were available to be issued.

Other Financial Information

AIDS Task Force, Inc.

Schedule of Government Funds Received

Year ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Expenditures
Indiana State Department of Health:			
Federal monies:			
United States Department of Health & Human Services, Public Health Service, Centers of Disease Control & Prevention:			
HIV Prevention Project	93.940	A70-0-112169	\$ 37,000
Non-federal monies:			
Care coordination	N/A	N/A	316,341
Special populations support	N/A	N/A	45,427
Other, including fees	N/A	N/A	<u>4,696</u>
			<u>403,464</u>
Indiana Housing & Community Development Authority:			
Federal Agency—Department of Housing and Urban Development:			
Housing Opportunities for Persons with AIDS	14.241	CC-008-003	<u>158,542</u>
			<u>\$ 562,006</u>

Notes to Schedule

1. Basis of Presentation

This schedule includes the government awards activity of the AIDS Task Force, Inc. and is presented on the accrual basis of accounting.

AIDS Task Force, Inc.

Schedule of Contributions and Grants

	Year ended December 31	
	2011	2010
Auer Foundation	\$ 5,000	\$ 5,000
Broadway Cares / Equity Fights AIDS	5,000	5,000
Community Foundation of Greater Fort Wayne Inc.	50,000	55,915
80/20 Foundation	10,000	10,000
English Bonter Mitchell Foundation	5,000	5,000
Foellinger Foundation	30,000	10,000
Dinner Dance Food Pantry	5,600	-
Indiana AIDS Fund	30,500	40,000
Kosciusko County Community Foundation	-	971
Lincoln Financial Group Foundation	56,000	60,000
MAC AIDS Fund	15,000	10,000
Maximus Foundation	-	1,500
Medical Monitoring Program	2,500	-
Parkview Hospital	-	25,000
PHP Foundation	4,000	-
Plymouth Congregational Church of Fort Wayne	1,500	1,600
Rothschild Foundation	-	5,000
The St. Joseph Community Health Foundation, Inc.	10,125	29,345
Wells Fargo	-	4,065
Other contributions and grants	23,735	13,959
Contributions and grants—cash basis	253,960	282,355
Less pledges receivable at beginning of year	(42,926)	(48,014)
Plus pledges receivable at end of year	41,300	42,926
Contributions and grants—accrual basis	<u>\$ 252,334</u>	<u>\$ 277,267</u>