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October 20, 2017

Board of Directors  
Aids Task Force of Laporte & Porter Co.  
5490 Broadway  
Gary, IN 46410

We have reviewed the audit report prepared by Swartz, Retson & Co., PC, for the period January 1, 2015 to December 31, 2015. 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 Aids Task Force of Laporte & Porter Co., as of December 31, 2015, 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

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

**AIDS TASK FORCE OF LAPORTE  
AND PORTER COUNTIES**

DECEMBER 31, 2015 AND 2014

SWARTZ, RETSON & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
235 E. 86TH AVENUE  
MERRILLVILLE, INDIANA 46410

AIDS TASK FORCE OF LA PORTE AND PORTER COUNTIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
AIDS Task Force of LaPorte and Porter Counties, Inc.  
5490 Broadway  
Merrillville, IN 46410

**Report on the Financial Statements**

We have audited the accompanying financial statements of AIDS Task Force of LaPorte and Porter Counties, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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 AIDS Task Force of LaPorte and Porter Counties, Inc. as of December 31, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Merrillville, IN  
December 7, 2016

**AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES**

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 76,296	\$ 43,536
Grants Receivable	111,387	154,898
Prepaid Expenses	6,736	7,357
Land, Building and Equipment - Net	<u>959</u>	<u>950</u>
TOTAL ASSETS	<u>\$195,378</u>	<u>\$206,741</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Notes Payable	\$ 00	\$ 20,256
Accounts Payable	26,423	29,690
Accrued Taxes and Expenses	29,879	26,373
Accrued Salaries and Wages	<u>12,148</u>	<u>13,007</u>
Total Liabilities	68,450	89,326
NET ASSETS		
Unrestricted	<u>126,928</u>	<u>117,415</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$195,378</u>	<u>\$206,741</u>

The accompanying notes are an integral part of the financial statements.

**AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES**

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
	<u>Unrestricted</u>	<u>Unrestricted</u>
REVENUES, GAINS AND OTHER SUPPORT		
HIV/AIDS Care Coordination	\$303,839	\$310,716
Comprehensive HIV Prevention	129,979	130,000
Substance Abuse Prevention Treatment	93,308	88,726
Permanent Supportive Housing	122,511	149,920
Housing Opportunities for Persons with AIDS (HOPWA)	163,210	217,665
DEFA	6,163	3,000
Contributions	6,976	4,287
CAG	3,238	3,914
Permanent Supportive Housing - Administration	3,696	00
Miscellaneous Income	<u>2,199</u>	<u>9,603</u>
Total Revenues, Gains and Other Support	<u>835,119</u>	<u>917,831</u>
 EXPENSES AND LOSSES		
Program Services	755,577	846,666
Management and General	<u>70,029</u>	<u>76,865</u>
Total Expenses and Losses	<u>825,606</u>	<u>923,531</u>
 CHANGE IN NET ASSETS	 9,513	 (5,700)
 NET ASSETS - Beginning of Year	 <u>117,415</u>	 <u>123,115</u>
 NET ASSETS - End of Year	 <u>\$126,928</u>	 <u>\$117,415</u>

The accompanying notes are an integral part of the financial statements.

**AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES**

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>&amp; General</u>	<u>Total</u>
<b>SALARIES AND RELATED EXPENSES</b>			
Salaries	\$370,399	\$ 41,155	\$411,554
Payroll Taxes	32,411	3,601	36,012
Insurance - Health	<u>16,395</u>	<u>1,822</u>	<u>18,217</u>
Total Salaries and Related Expenses	419,205	46,578	465,783
<b>EXPENSES</b>			
Advertising and Promotion	1,349	00	1,349
Building Security	605	67	672
Contractual	19,931	2,215	22,146
DEFA Expenses	3,006	00	3,006
Depreciation Expense	488	54	542
Drug Testing	232	26	258
Housing Opportunities for Persons with AIDS (HOPWA)	132,596	00	132,596
Housing Expense	97,027	10,781	107,808
Insurance Expense	3,283	365	3,648
Interest Expense	225	25	250
Internet Expense	1,972	219	2,191
Miscellaneous Expense	53	53	106
Office Supplies	11,891	1,321	13,212
Postage	2,480	275	2,755
Processing Fees	00	1,248	1,248
Rent Expense	30,843	3,427	34,270
Repairs and Maintenance	145	16	161
Seminar Expense	779	86	865
Subscriptions	177	20	197
Telephone	9,633	1,070	10,703
Travel	16,574	1,841	18,415
Utilities	<u>3,083</u>	<u>342</u>	<u>3,425</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$755,577</u>	<u>\$ 70,029</u>	<u>\$825,606</u>

The accompanying notes are an integral part of the financial statements.

**AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES**

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>&amp; General</u>	<u>Total</u>
<b>SALARIES AND RELATED EXPENSES</b>			
Salaries	\$379,313	\$ 42,146	\$421,459
Payroll Taxes	33,962	3,774	37,736
Insurance - Health	<u>32,571</u>	<u>3,619</u>	<u>36,190</u>
Total Salaries and Related Expenses	445,846	49,539	495,385
<b>EXPENSES</b>			
Advertising and Promotion	702	00	702
Bank Fees	30	3	33
Building Security	605	67	672
Client Assistance	23	2	25
Contractual	22,755	2,528	25,283
DEFA Expenses	1,499	00	1,499
Depreciation Expense	843	94	937
Drug Testing	23	3	26
Educational	25	00	25
Housing Opportunities for Persons with AIDS (HOPWA)	169,713	00	169,713
Housing Expense	119,999	13,333	133,332
Insurance Expense	3,335	371	3,706
Interest Expense	1,206	134	1,340
Internet Expense	1,887	210	2,097
Miscellaneous Expense	648	648	1,296
Office Supplies	10,544	1,172	11,716
Postage	6,032	670	6,702
Processing Fees	00	1,320	1,320
Rent Expense	29,470	3,274	32,744
Repairs and Maintenance	374	41	415
Subscriptions	266	29	295
Telephone	10,686	1,187	11,873
Travel	17,189	1,910	19,099
Utilities	<u>2,966</u>	<u>330</u>	<u>3,296</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$846,666</u>	<u>\$ 76,865</u>	<u>\$923,531</u>

The accompanying notes are an integral part of the financial statements.

**AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 9,513	\$ (5,700)
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities		
Depreciation	542	937
(Increase) Decrease in:		
Grants Receivable	43,511	(44,143)
Prepaid Expenses	621	(2,460)
Increase (Decrease) in:		
Accounts Payable	(3,267)	6,910
Accrued Taxes and Expenses	3,506	8,066
Accrued Salaries and Wages	<u>(859)</u>	<u>401</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	53,567	(35,989)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(551)	00
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Notes Payable	<u>(20,256)</u>	<u>(13,501)</u>
 NET INCREASE (DECREASE) IN CASH	32,760	(49,490)
 CASH - Beginning of Year	<u>43,536</u>	<u>93,026</u>
 CASH - End of Year	\$ <u>76,296</u>	\$ <u>43,536</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest	\$ <u>250</u>	\$ <u>1,340</u>

The accompanying notes are an integral part of the financial statements.

# AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

The AIDS Task Force of LaPorte and Porter Counties, Inc. is a non-profit organization which provides counseling and support services to people with the HIV virus and their families. The Organization also provides educational and preventative programs to the community through its offices and speaker's bureau. The Organization's primary source of revenue is governmental grants.

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which is used for both income tax and financial reporting purposes.

#### Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions whose restrictions are met in the same period as the recognition of the contribution are considered unrestricted for reporting purposes.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

#### Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Property and Equipment

Property and equipment are carried at cost. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. The fair market values of donated assets are also capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss resulting from the transactions is recognized as income for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. The depreciation expense was \$542 and \$937 for the years ended December 31, 2015 and 2014, respectively.

#### Cash

Cash, as presented on the accompanying statement of financial position and statement of cash flows, includes cash on hand and deposits in interest bearing and non-interest bearing accounts in financial institutions.

# AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### Income Taxes

The Organization qualified under the provisions of the Internal Revenue Code 501(c)(3) as a not-for-profit organization and, therefore is exempt from federal and state income taxes. The Organization is not classified as a private foundation.

#### Uncertain Tax Positions

The Organization adheres to the provisions of standards relating to uncertain tax positions. When applicable, changes in benefits arising from current and prior tax positions taken by the Organization are recognized in the period in which the change occurs. Changes resulting from settlements with taxing authorities are recognized in the period that settlement occurs. Reductions in unrecognized tax benefits as a result of a lapse of the applicable statute of limitations are recognized in the period the statute lapses. Projected penalties and interest recognized on tax positions where it is reasonably possible that the Organization's tax position will not prevail in a review by taxing authorities is recognized as part of current period income tax expense. Management believes that the current and three prior tax periods remain subject to examination by taxing jurisdictions.

#### Advertising

Advertising costs are included in operating expenses and are expensed as incurred. Advertising expense was \$1,349 and \$702 for the years ended December 31, 2015 and 2014, respectively.

#### Financial Instruments and Credit Risk

The Organization is a not-for-profit corporation operating primarily in Northwest Indiana. As such, the Organization's grants receivable are from grantors within the same geographic region. The terms of the grants give rise to unsecured accounts receivable, as is common industry practice. Unsecured grants receivable total \$111,387 and \$154,898 for the years ended December 31, 2015 and 2014, respectively.

#### Grants Receivable

The Organization records bad debts on the direct write-off method when, in management's opinion, an account becomes uncollectible. The direct write-off method is a departure from generally accepted accounting principles. Bad debt expenses calculated using the direct write-off method do not differ materially from those calculated using generally accepted methods. The bad debt expense for the years ended December 31, 2015 and 2014 was \$0 and \$0, respectively.

**AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NOTE 2 - PROPERTY AND EQUIPMENT

Land, building and equipment on the accompanying statement of financial position includes the following:

	<u>2015</u>	<u>2014</u>
Office Equipment	\$ 14,016	\$ 15,263
Office Furniture and Fixtures	<u>5,015</u>	<u>5,015</u>
	19,031	20,278
Less: Accumulated Depreciation	<u>18,072</u>	<u>19,328</u>
Total Property and Equipment	<u>\$ 959</u>	<u>\$ 950</u>

NOTE 3 - NOTES PAYABLE

The Organization has the following notes payable at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Porter Bank, accrues interest at 3.25%, \$108,000 available line of credit with no specific monthly payment amount, secured by grant income, matures on February 5, 2017	\$ 00	\$ 20,256
Less: Current Portion	<u>00</u>	<u>20,256</u>
Total Notes Payable - Long Term	<u>\$ 00</u>	<u>\$ 00</u>

The Organization has secured debt with Porter Bank. The assignment of future grant income serves as collateral.

NOTE 4 - INTEREST EXPENSES

The Organization incurred interest expense of \$250 and \$1,340 for the years ended December 31, 2015 and 2014, respectively.

NOTE 5 - OPERATING LEASES

The Organization has a lease agreement with the Northern Indiana Electrical Joint Apprenticeship and Training Trust Fund to rent office space at 301 E. Eighth Street, Michigan City, Indiana. The lease continues through March 2017. The monthly rent was \$403. Rent expense was \$4,840 and \$4,840 for the years ended December 31, 2015 and 2014, respectively. Future payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2016	\$ 4,840
December 31, 2017	\$ 1,210

# AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

### NOTE 5 - OPERATING LEASES CONTINUED

The Organization leases office space at 5490 Broadway, Merrillville, Indiana. The Organization is currently renting on a month-to-month basis. The monthly rent expense was \$2,077 for the years ended December 31, 2015 and 2014. Rent expense was \$24,928 and \$24,928 for the years ended December 31, 2015 and 2014, respectively.

The Organization has an equipment lease for a copier with payments of \$330 per month through May 2019. Monthly payments are \$330 per month. Lease expense was \$3,960 and \$4,270 for the years ended December 31, 2015 and 2014, respectively.

Future minimum payments are expected as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2016	\$ 3,960
December 31, 2017	\$ 3,960
December 31, 2018	\$ 3,960
December 31, 2019	\$ 1,650

### NOTE 6 - CONCENTRATION OF REVENUE

For the years ending December 31, 2015 and 2014, the Organization received 37% and 34%, respectively, of its revenue from the Care Coordination Grant. No determination has been made as to the effect on the financial statements should this source cease funding AIDS Task Force of LaPorte and Porter Counties.

### NOTE 7 - RETIREMENT PLAN

The Organization has a SIMPLE IRA retirement plan. All employees of the Organization are eligible to participate upon commencement of employment. Employees are allowed to make elective deferrals to the Plan. The Organization makes discretionary matching contributions of employee compensation. Retirement plan expense for the years ended December 31, 2015 and 2014 was \$0 and \$0, respectively.

### NOTE 8 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 7, 2016, the date the financial statements were available for issuance.

**SUPPLEMENTARY INFORMATION**

**AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES**

SCHEDULE OF GOVERNMENTAL FUNDING  
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Governmental Grantor/Passthrough Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant ID</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>
U.S. Department of Health and Human Services				
U.S. Department of Housing and Urban Development				
Indiana Housing and				
Community Development Authority				
Permanent Supportive Housing Rental Assistance				
01/01/15 - 12/31/15	14.267	SC-014-0127	\$278,763	\$122,511
	14.267	SC-014-0127	\$ 10,080	3,696
U.S. Department of Health and Human Services				
Public Service Center, Centers for Disease				
Control and Prevention				
Indiana State Department of Health				
Comprehensive HIV Prevention				
01/01/15 - 12/31/15	93.940	A70-5-112376/ A70-5-112389	\$130,000	129,979
U.S. Department of Housing and Urban Development				
Indiana Housing Community Development Authority				
Housing Opportunities for Persons with AIDS (HOPWA)				
07/01/14 - 06/30/15	14.421	CC-014-004	\$186,208	84,773
07/01/15 - 06/30/16	14.421	CC-015-004	\$200,334	78,437
U.S. Department of Health and Human Services				
Public Health Service, Substance Abuse and				
Mental Health Services Administration				
Indiana State Department of Health				
Substance Abuse Prevention Treatment				
07/01/14 - 06/30/15	93.959	A70-5-112339	\$ 90,000	48,274
07/01/15 - 06/30/16	93.959	14083	\$ 90,000	<u>45,034</u>
TOTAL FEDERAL AWARDS				<u>512,704</u>
Indiana State Department of Health				
HIV/AIDS Care Coordination				
7/1/14 - 6/30/15	n/a	A70-3-112225	\$201,463	159,707
HIV/AIDS Fund Services				
7/1/15 - 6/30/16	n/a	A70-3-112228	\$315,000	<u>144,132</u>
TOTAL STATE AWARDS				<u>303,839</u>
TOTAL OF GOVERNMENTAL FUNDING				<u>\$816,543</u>

## EXIT CONFERENCE

An exit conference was held with the grantees' officials on December 28, 2016 at 9:00 a.m. at the administrative office in Merrillville, Indiana.

### GRANTEE REPRESENTATIVES

TAMMY MORRIS

EXECUTIVE DIRECTOR

JERRI FLOYD

CHIEF FINANCIAL OFFICER

### AUDIT ORGANIZATION REPRESENTATIVES

GREG WARD

PRINCIPAL