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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, 2016 to December 31, 2016. 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, 2016, 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, 2016 AND 2015

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

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, 2016 and 2015, 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, 2016 and 2015 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of governmental funding 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 related 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.

Swartz, Retson & Co., P.C.

Merrillville, IN
July 2, 2017

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 63,643	\$ 76,296
Grants Receivable	133,820	111,387
Prepaid Expenses	7,357	6,736
Land, Building and Equipment - Net	<u>2,510</u>	<u>959</u>
TOTAL ASSETS	<u>\$207,330</u>	<u>\$195,378</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	\$ 18,471	\$ 26,423
Accrued Taxes and Expenses	30,078	29,879
Accrued Salaries and Wages	<u>19,105</u>	<u>12,148</u>
Total Liabilities	67,654	68,450
NET ASSETS		
Unrestricted	<u>139,676</u>	<u>126,928</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$207,330</u>	<u>\$195,378</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, 2016 AND 2015

	2016	2015
	<u>Unrestricted</u>	<u>Unrestricted</u>
REVENUES, GAINS AND OTHER SUPPORT		
HIV/AIDS Care Coordination	\$321,085	\$303,839
Comprehensive HIV Prevention	129,869	129,979
Substance Abuse Prevention Treatment	86,471	93,308
Permanent Supportive Housing	111,919	122,511
Housing Opportunities for Persons with AIDS (HOPWA)	194,753	163,210
DEFA	5,000	6,163
Contributions	6,267	6,976
CAG	2,361	3,238
Permanent Supportive Housing - Administration	3,472	3,696
Miscellaneous Income	75	2,199
Total Revenues, Gains and Other Support	<u>861,272</u>	<u>835,119</u>
 EXPENSES AND LOSSES		
Program Services	777,718	755,577
Management and General	<u>70,806</u>	<u>70,029</u>
Total Expenses and Losses	<u>848,524</u>	<u>825,606</u>
 CHANGE IN NET ASSETS	12,748	9,513
 NET ASSETS - Beginning of Year	<u>126,928</u>	<u>117,415</u>
 NET ASSETS - End of Year	<u>\$139,676</u>	<u>\$126,928</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, 2016

	Program <u>Services</u>	Management <u>& General</u>	<u>Total</u>
SALARIES AND RELATED EXPENSES			
Salaries	\$392,060	\$ 43,562	\$435,622
Payroll Taxes	31,531	3,503	35,034
Insurance - Health	<u>11,614</u>	<u>1,290</u>	<u>12,904</u>
Total Salaries and Related Expenses	435,205	48,355	483,560
EXPENSES			
Advertising and Promotion	1,304	00	1,304
Bank Fees	242	27	269
Building Security	788	88	876
Contractual	5,601	622	6,223
DEFA Expenses	3,001	00	3,001
Depreciation Expense	429	48	477
Housing Opportunities for Persons with AIDS (HOPWA)	148,473	00	148,473
Housing Expense	87,154	9,684	96,838
Insurance Expense	3,229	359	3,588
Interest Expense	262	29	291
Internet Expense	1,931	215	2,146
Miscellaneous Expense	222	222	444
Office Supplies	20,901	2,322	23,223
Postage	5,765	640	6,405
Processing Fees	00	1,173	1,173
Rent Expense	28,276	3,142	31,418
Repairs and Maintenance	461	51	512
Seminar Expense	400	44	444
Subscriptions	173	19	192
Supplies	6,093	677	6,770
Telephone	9,824	1,091	10,915
Travel	15,134	1,681	16,815
Utilities	<u>2,850</u>	<u>317</u>	<u>3,167</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$777,718</u>	<u>\$ 70,806</u>	<u>\$848,524</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 Services</u>	<u>Management & General</u>	<u>Total</u>
SALARIES AND RELATED EXPENSES			
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
EXPENSES			
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>
TOTAL FUNCTIONAL EXPENSES	<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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 12,748	\$ 9,513
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities		
Depreciation	477	542
(Increase) Decrease in:		
Grants Receivable	(22,433)	43,511
Prepaid Expenses	(621)	621
Increase (Decrease) in:		
Accounts Payable	(7,952)	(3,267)
Accrued Taxes and Expenses	199	3,506
Accrued Salaries and Wages	<u>6,957</u>	<u>(859)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(10,625)</u>	<u>53,567</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(2,028)	(551)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Notes Payable	<u>00</u>	<u>(20,256)</u>
 NET INCREASE (DECREASE) IN CASH	 (12,653)	 32,760
 CASH - Beginning of Year	 <u>76,296</u>	 <u>43,536</u>
 CASH - End of Year	 <u>\$ 63,643</u>	 <u>\$ 76,296</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 291</u>	<u>\$ 250</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, 2016 AND 2015

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 \$477 and \$542 for the years ended December 31, 2016 and 2015, 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, 2016 AND 2015

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 \$1,304 and \$1,349 for the years ended December 31, 2016 and 2015, 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 \$133,820 and \$111,387 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015 was \$0 and \$0, respectively.

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 - PROPERTY AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Office Equipment	\$ 16,043	\$ 14,016
Office Furniture and Fixtures	<u>5,015</u>	<u>5,015</u>
	21,058	19,031
Less: Accumulated Depreciation	<u>18,548</u>	<u>18,072</u>
Total Property and Equipment	<u>\$ 2,510</u>	<u>\$ 959</u>

NOTE 3 - LINE OF CREDIT

The Organization has a line of credit with Porter Bank and the ability to borrow \$108,000. The line of credit accrues interest at .25 below the prime rate (currently 3.50%). The line of credit is secured by all assets of the Organization. The outstanding balance on the line of credit at December 31, 2016 and 2015 was \$0 and \$0, respectively.

NOTE 4 - INTEREST EXPENSES

The Organization incurred interest expense of \$291 and \$250 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, respectively. Future payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2017	\$ 4,840
December 31, 2018	\$ 1,210

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 through April 2016 and was lowered to \$1,700 when the Organization reduced the space being rented. Rent expense was \$21,399 and \$24,928 for the years ended December 31, 2016 and 2015, respectively.

AIDS TASK FORCE OF LAPORTE AND PORTER COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 5 - OPERATING LEASES CONTINUED

The Organization has an equipment lease for a copier with payments of \$330 per month through May 2019. Lease expense was \$3,960 and \$3,960 for the years ended December 31, 2016 and 2015, respectively.

Future minimum payments are expected as follows:

<u>Year Ending</u>	<u>Amount</u>
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, 2016 and 2015, the Organization received 37% and 37%, 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, 2016 and 2015 was \$0 and \$0, respectively.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 2, 2017, 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, 2016

<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				
01/01/16 - 12/31/16	14.267	SC-015-0127	\$283,159	\$111,919
	14.267	SC-015-0127		
		CSBG	\$ 6,720	3,472
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				
01/01/16 - 12/31/16	93.940	0016535731/ 0016540159	\$130,000	129,869
U.S. Department of Housing and Urban Development				
Indiana Housing Community Development Authority				
Housing Opportunities for Persons with AIDS (HOPWA)				
07/01/15 - 06/30/16	14.421	CC-015-004	\$200,344	117,232
07/01/16 - 06/30/17	14.421	CC-016-004	\$194,500	77,521
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				
07/01/15 - 06/30/16	93.959	14083	\$ 90,000	44,955
07/01/16 - 06/30/17	93.959	16837	\$ 90,000	<u>41,516</u>
TOTAL FEDERAL AWARDS				<u>526,484</u>
Indiana State Department of Health				
HIV Care Coordination				
07/01/15 - 06/30/16	n/a	13732	\$315,000	170,835
07/01/16 - 06/30/17	n/a	16684	\$350,000	<u>150,250</u>
TOTAL STATE AWARDS				<u>321,085</u>
TOTAL OF GOVERNMENTAL FUNDING				<u>\$847,569</u>

EXIT CONFERENCE

An exit conference was held with the grantees' officials on July 18, 2017 at 10:00 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