

AIDS Foundation of Chicago

Financial Statements and Supplementary Information

Years Ended June 30, 2018 and 2017





Independent Auditor's Report

Board of Directors
AIDS Foundation of Chicago
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of AIDS Foundation of Chicago, (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, 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; 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 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 audits 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 AIDS Foundation of Chicago as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.



Prior Period Financial Statements

The financial statements of AIDS Foundation of Chicago, as of June 30, 2017, were audited by Kessler, Orlean, Silver & Company, P.C. which combined its practices with Wipfli as of January 1, 2018 and whose report dated November 20, 2017, expressed an unmodified opinion on those statements.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of public grant activity and schedule of program expenses are presented for purposes of additional analysis and are 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. Such 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. In our opinion, the information is fairly stated, in all material respects, in related 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 March 8, 2019, on our consideration of AIDS Foundation of Chicago'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 solely 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 the effectiveness of AIDS Foundation of Chicago's 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 AIDS Foundation of Chicago's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP
Green Bay, Wisconsin

March 8, 2019

AIDS Foundation of Chicago
Statement of Financial Position
June 30, 2018 and 2017

<i>Assets</i>	2018			2017 (Restated)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Current assets						
Cash and cash equivalents	\$ 4,702,805	\$ 489,024	\$ 5,191,829	\$ 3,007,875	\$ 583,483	\$ 3,591,358
Grants receivable	3,495,946	-	3,495,946	4,262,102	-	4,262,102
Other receivables	535,936	420,000	955,936	195,081	497,236	692,317
Prepaid expenses and deposits	329,597	-	329,597	283,367	-	283,367
Due from related party	184,917	-	184,917	222,120	-	222,120
Promises to give, current	9,750	-	9,750	11,998	-	11,998
Total current assets	9,258,951	909,024	10,167,975	7,982,543	1,080,719	9,063,262
Property and equipment						
Furniture, fixtures & equipment	1,750,584	-	1,750,584	1,706,759	-	1,706,759
Less accumulated depreciation	(1,607,395)	-	(1,607,395)	(1,494,563)	-	(1,494,563)
Net property and equipment	143,189	-	143,189	212,196	-	212,196
Other assets						
Promises to give, non-current	1,250	-	1,250	4,000	-	4,000
Investments	2,351,162	-	2,351,162	2,342,902	-	2,342,902
Total other assets	2,352,412	-	2,352,412	2,346,902	-	2,346,902
Total assets	\$ 11,754,552	\$ 909,024	\$ 12,663,576	\$ 10,541,641	\$ 1,080,719	\$ 11,622,360

See accompanying notes to financial statements.

AIDS Foundation of Chicago
Statement of Financial Position (Continued)
June 30, 2018 and 2017

<i>Liabilities and Net Assets</i>	2018			2017 (Restated)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Current liabilities						
Grants payable	\$ 109,768	\$ -	\$ 109,768	\$ 117,833	\$ -	\$ 117,833
Other payables	314,759	-	314,759	222,285	-	222,285
Deferred revenue	183,250	-	183,250	178,456	-	178,456
Accrued paid time off	318,856	-	318,856	293,932	-	293,932
Deferred rent	76,521	-	76,521	115,828	-	115,828
Unearned government grants	260,712	-	260,712	62,028	-	62,028
Total liabilities	1,263,866	-	1,263,866	990,362	-	990,362
Net assets						
Unrestricted	3,487,564	-	3,487,564	3,150,157	-	3,150,157
Unrestricted - board designated	7,003,122	-	7,003,122	6,401,122	-	6,401,122
Temporarily restricted	-	909,024	909,024	-	1,080,719	1,080,719
Total net assets	10,490,686	909,024	11,399,710	9,551,279	1,080,719	10,631,998
Total liabilities and net assets	\$ 11,754,552	\$ 909,024	\$ 12,663,576	\$ 10,541,641	\$ 1,080,719	\$ 11,622,360

See accompanying notes to financial statements.

AIDS Foundation of Chicago
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2018 and 2017

	2018			2017 (Restated)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Government grants	\$ 23,116,580	\$ -	\$ 23,116,580	\$21,621,202	\$ -	\$21,621,202
Special events						
Gross proceeds	1,182,173	-	1,182,173	1,160,926	-	1,160,926
Less direct expenses	(460,661)	-	(460,661)	(507,532)	-	(507,532)
Community links						
Revenue	636,125	-	636,125	457,726	-	457,726
Less subcontractor payments	-	-	-	(28,351)	-	(28,351)
Foundation and corporate grants	2,055,860	689,728	2,745,588	2,007,476	1,080,719	3,088,195
Individual contributions	505,819	-	505,819	382,020	-	382,020
Bequests	146,762	-	146,762	195,361	-	195,361
Management fee income	365,229	-	365,229	256,115	-	256,115
Investment income	29,861	-	29,861	88,781	-	88,781
Other revenue	104,062	-	104,062	135,158	-	135,158
Net assets released from restrictions	861,423	(861,423)	-	823,756	(823,756)	-
Total support and revenue and assets released from restrictions	\$ 28,543,233	\$ (171,695)	28,371,538	\$26,592,638	\$ 256,963	\$26,849,601

See accompanying notes to financial statements.

AIDS Foundation of Chicago
Statements of Activities and Changes in Net Assets (Continued)
For the Years Ended June 30, 2018 and 2017

	2018			2017 (Restated)		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Expenses:						
Program services	\$ 13,847,805	\$ -	\$ 13,847,805	\$13,169,991	\$ -	\$13,169,991
Management and general	1,279,523	-	1,279,523	1,215,268	-	1,215,268
Fundraising	1,009,875	-	1,009,875	939,035	-	939,035
Total expenses	16,137,203	-	16,137,203	15,324,294	-	15,324,294
Excess of revenue over expenses before program grants and awards given	12,406,030	(171,695)	12,234,335	11,268,344	256,963	11,525,307
Program grants and awards given	11,466,623	-	11,466,623	10,959,571	-	10,959,571
Increase (decrease) in net assets	939,407	(171,695)	767,712	308,773	256,963	565,736
Net assets at beginning of year	9,551,279	1,080,719	10,631,998	9,242,506	823,756	10,066,262
Net assets at end of year	\$ 10,490,686	\$ 909,024	\$ 11,399,710	\$ 9,551,279	\$ 1,080,719	\$10,631,998

See accompanying notes to financial statements.

AIDS Foundation of Chicago
Statement of Functional Expenses
For the Years Ended June 30, 2018 and 2017

	2018				2017 (Restated)			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries and related	\$ 4,945,341	\$ 1,027,623	\$ 727,401	\$ 6,700,365	\$ 4,635,779	\$ 967,471	\$ 677,639	\$ 6,280,889
Occupancy	275,087	51,657	40,771	367,515	258,318	48,726	36,985	344,029
Contractual services	586,849	72,221	31,198	690,268	701,495	80,272	14,789	796,556
Telephone and utilities	50,682	7,858	7,179	65,719	37,608	4,900	6,820	49,328
Printing	13,683	483	465	14,631	18,005	137	1,933	20,075
Office supplies	361,013	21,480	80,609	463,102	254,155	23,597	80,403	358,155
Postage and messenger	9,333	1,344	2,177	12,854	6,316	2,317	1,792	10,425
IT subscription and dues	61,342	5,897	5,669	72,908	37,098	7,755	6,578	51,431
Insurance	24,405	3,229	3,004	30,638	23,646	3,260	3,308	30,214
Travel, meetings and conferences	285,673	32,169	13,915	331,757	315,781	27,169	13,047	355,997
Public education	94,321	775	10,562	105,658	84,440	-	10,193	94,633
Direct client support	6,878,909	-	-	6,878,909	6,589,276	-	-	6,589,276
Tenant rent write off	155,138	-	-	155,138	114,019	-	-	114,019
Equipment rental & maintenance	7,985	3,849	1,163	12,997	7,037	1,007	1,048	9,092
Depreciation	84,525	17,924	10,383	112,832	85,880	11,954	12,284	110,118
Other	13,519	33,014	75,379	121,912	1,138	36,703	72,216	110,057
Total	\$ 13,847,805	\$ 1,279,523	\$ 1,009,875	\$ 16,137,203	\$ 13,169,991	\$ 1,215,268	\$ 939,035	\$ 15,324,294

See accompany notes to financial statements.

AIDS Foundation of Chicago
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017 (Restated)
Cash flows from operating activities:		
Increase in net assets	\$ 767,712	\$ 565,736
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	112,832	117,838
Realized/unrealized (gain) loss on investments	41,767	(22,362)
Contribution through loan forgiveness	-	250,000
(Increase) decrease in:		
Grants and other receivables	504,785	(245,447)
Prepaid expenses	(43,480)	31,716
Due from related party	37,203	322,858
Increase (decrease) in:		
Grants payable	(8,065)	(203,221)
Other payables	78,091	74,316
Deferred revenue	4,794	23,447
Unearned government grants	198,684	62,028
Total adjustments	926,611	411,173
Net cash provided by operating activities	1,694,323	976,909
Cash flow from investing activities		
Purchase of equipment	(43,825)	(29,267)
Purchase of investments	(50,027)	(386,705)
Proceeds from sale of investments	-	358,454
Net cash used by investing activities	(93,852)	(57,518)
Net increase in cash	1,600,471	919,391
Cash and cash equivalents, beginning of Year	3,591,358	2,671,967
Cash and cash equivalents, end of year	\$ 5,191,829	\$ 3,591,358

See accompanying notes to financial statements.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

AIDS Foundation of Chicago ("the Foundation") was incorporated on November 13, 1985, as an Illinois not-for-profit corporation, and began operations on May 1, 1986. The Foundation is organized to provide funding to and coordinate the activities of local AIDS service providing agencies and to engage in public education and public policy analysis related to AIDS.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

Basis of Presentation

The Foundation is required to report information regarding its net assets and revenue, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation's net assets are classified and reported as follows:

- *Unrestricted Net Assets* - Net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations. Board designations, which are voluntary board-approved segregations of net assets for specific purposes, projects, or investments, are also a part of unrestricted net assets.
- *Temporarily Restricted Net Assets* - Net assets that result from contributions whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.
- *Permanently Restricted Net Assets* - Net assets resulting from contributions whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Foundation.

The Foundation has no permanently restricted net assets.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Temporarily Restricted Cash

The Foundation has elected to treat cash as restricted to the extent that they have unexpended funds from temporarily restricted grants.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions and Unconditional Promises to Give

Contributions are recognized as revenue when they are received or unconditionally promised. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction expires or the purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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.

Unconditional promises to give are recognized as assets and as revenue in the period promised. Conditional promises to give are recognized when the contributions upon which they depend are substantially met.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

- *Grant Awards That are Contributions* - Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as unearned government grants.
- *Grant Awards That are Exchange Transactions* - Exchange transactions reimburse based on a predetermined rate for services performed. Revenue is recognized in the period the service is performed.

Gifts of property and equipment are recorded 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 and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Accounts Receivable

Accounts receivable consist primarily of miscellaneous fees and trade receivables. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history. The Foundation considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded. If an account becomes uncollectible, it will be written off at that time.

Property and Equipment

Furniture, fixtures and equipment are carried at cost. All purchases in excess of \$1,000 are capitalized while lesser amounts are charged to expense. Depreciation on furniture, fixtures and equipment is calculated using the straight line method over their estimated useful lives, which range from three to five years. Gains and losses from the sale of property and equipment are included in income. Maintenance and repairs are charged to operations.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities are stated at their fair values. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains are recorded as unrestricted net assets unless restricted by the donor or by law.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Deferred Rent

The Foundation recognizes rent expense on the straight-line method over the life of its office space lease. The cumulative excess of the amounts expensed over the payments required under the lease is recorded as deferred rent. Deferred rent as of June 30, 2018 and 2017 is \$76,521 and \$115,828, respectively, and is included in liabilities on the statements of financial position.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services based on estimates made by management.

Rental Subsidy

The Foundation participates in a rental subsidy program partially funded by the Department of Housing and Urban Development (HUD). As part of this program, the Foundation began collecting rent directly from tenants as a pass-through to the landlords of the properties. The tenants are listed in the lease agreements and the Foundation is complying with a HUD guideline that requires the Foundation to pay the landlords 100% of the tenant's portion of the rent. As such, the tenant's portion of the rent paid to the Foundation and passed through to the landlord is considered an agency transaction and is not reported in revenues or expenses on the financial statements. The amount of passed through tenant rent was \$395,005 and \$363,175 for the years ended June 30, 2018 and 2017.

Use of Estimates

The preparation of financial statements in accordance with GAAP 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Foundation has been classified by the Internal Revenue Service as an organization exempt from income taxes (not a private foundation) under Internal Revenue Code Section 501(c) (3) and, accordingly, no provision for such taxes is made in the statements. The Foundation continues to operate in compliance with its tax-exempt purpose. Management does not believe its financial statements include uncertain tax positions.

The Foundation files U.S. federal and Illinois state informational tax returns. The federal and state informational tax returns for of the Foundation for tax years 2015, 2016 and 2017 can be subject to examinations by tax authorities, generally for three years after they were filed. The Foundation recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At June 30 2018 and 2017 there was no interest or penalties relating to income taxes recognized in the statement of activities.

Recently Issued Accounting Standards

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities ("Update"). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofit organizations to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning at December 15, 2018. Early application of the amendments in this Update is permitted. The Foundation is currently in the process of determining the impact of the new standard, and has not elected to early adopt the amendments.

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB ASC Topic 605, Revenue Recognition, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Foundation is currently evaluating the impact of the provisions of ASC 606.

Reclassification

Certain reclassifications have been made to the 2017 financial statements presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

Management has evaluated subsequent events through March 8, 2019, the date the financial statements were available to be issued.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 2: Concentration of Credit Risk

The Foundation maintains bank accounts included in cash and investments in a major Chicagoland bank in excess of the Federal Deposit Insurance Corporation's \$250,000 limit. At times throughout the year bank balances exceed FDIC insured limits. The Foundation has not experienced any loss in these accounts. The Foundation believes it is not exposed to any significant credit risk on its cash balance.

Note 3: Concentration of Contributions

For the year ending June 30, 2018 approximately 74% of the Foundation's revenue was earned under various contracts from three funding sources. For the year ending June 30, 2018, the Foundation recognized revenue of \$21,235,980 from these funding sources. As of June 30, 2018, these three funding sources owed the Foundation \$3,258,476.

For the year ending June 30, 2017 approximately 72% of the Foundation's revenue was earned under various contracts from three funding sources. For the year ending June 30, 2017, the Foundation recognized revenue of \$19,612,515 from these funding sources. As of June 30, 2017, these three funding sources owed the Foundation \$4,072,458.

Note 4: Promises to Give

Promises to Give at June 30, 2018 are as follows:

<i>Year Ending June 30,</i>	Amount
2019	\$ 9,750
2020	1,250
Total	\$ 11,000

Management has assessed the collectability of promises to give and feels based on collection history and donor attributes that the promises to give are fully collectable, therefore, no allowance is necessary.

Note 5: Summary of Investments

Investments consisted of the following as of June 30, 2018:

Description	Cost	Market
Investment money market	\$ 96,206	\$ 96,206
Common stock	962,274	956,266
Fixed income securities	330,942	332,819
Mutual funds	993,023	965,871
Total investments	\$ 2,382,445	\$ 2,351,162

AIDS Foundation of Chicago

Notes to Financial Statements

Note 5: Summary of Investments (Continued)

Investments consisted of the following as of June 30, 2017:

Description	Cost	Market
Investment money market	\$ 93,032	\$ 93,032
Common stock	419,908	425,712
Fixed income securities	1,594,818	1,616,852
Mutual funds	203,238	207,306
Total investments	\$ 2,310,996	\$ 2,342,902

Investment management fees totaled \$18,012 and \$16,443 for the years ended June 30, 2018 and June 30, 2017, respectively and are included in the statements of activities.

The following table presents, for each of the fair value hierarchy levels, the Foundation's financial assets that are measured at fair value on a recurring basis:

<i>As of June 30, 2018</i>	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investment money market	\$ 96,206	\$ -	\$ 96,206	\$ -
Common stock	956,266	956,266	-	-
Fixed income securities	332,819	332,819	-	-
Mutual Funds	965,871	965,871	-	-
Total	\$ 2,351,162	\$ 2,254,956	\$ 96,206	\$ -

<i>As of June 30, 2017</i>	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investment money market	\$ 93,032	\$ -	\$ 93,032	\$ -
Common stock	425,712	425,712	-	-
Fixed income securities	1,616,852	1,616,852	-	-
Mutual Funds	207,306	207,306	-	-
Total	\$ 2,342,902	\$ 2,249,870	\$ 93,032	\$ -

AIDS Foundation of Chicago

Notes to Financial Statements

Note 5: Summary of Investments (Continued)

Investment income for the years ending 2018 and 2017 are summarized as follows:

	2018	2017
Dividends and interest	\$ 71,626	\$ 67,419
Unrealized gains/(losses)	(66,076)	2,905
Realized gains	24,311	19,457
Total investment income	\$ 29,861	\$ 89,781

Note 6: Line of Credit

The Foundation has an available revolving line of credit with Merrill Lynch under terms of a Loan Management Account Agreement ("LMA") that can be terminated by request of the bank. The line is collateralized by investments held at Merrill Lynch in the LMA Account. Interest is payable at a variable interest rate determined by Merrill Lynch on a monthly basis. The amount of the line of credit is determined based on the investments held by Merrill Lynch in the LMA Account.

At June 30, 2017, the Foundation had investments of \$2,342,902 at Merrill Lynch and an available line of credit of \$1,457,390. At June 30, 2018, the Foundation had investments of \$2,345,162 at Merrill Lynch and an available line of credit of \$1,102,282.

Two of the Foundation's largest government grants end in February and March. During the time that the contracts are being renewed, the reimbursement period is longer than the normal two to three months. This added delay in reimbursement could create a short-term cash flow issue, which the Foundation would address, if necessary, by borrowing against its securities using the Line of Credit. During the years ended June 30, 2018 and 2017, the borrowing arrangement was not utilized.

Note 7: Lease Commitments

The Foundation has entered into an amended lease agreement, classified as an operating lease, for office space. Rent expense totaled \$367,515 and \$344,029 for the years ending June 30, 2018 and 2017, respectively. The lease has a current termination date of August 30, 2019, under the terms of the lease.

Future minimum rental payments under this lease, after rent abatements, are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2019	\$ 467,601
2020	79,155
Total	\$ 546,756

AIDS Foundation of Chicago

Notes to Financial Statements

Note 8: Special Events

The Foundation's largest special events include the AIDS Run and Walk held in the fall, the Team to End AIDS activities held in connection with the Bank of America Half Marathon held in the Fall each year and Chicago Marathon run in October and A World of Chocolate held in late Fall.

The Foundation's Gross Proceeds from special events were as follows:

<i>Years Ended June 30, 2018 and 2017</i>	2018	2017
AIDS Run and Walk	\$ 598,926	\$ 563,161
Team to End AIDS	311,410	295,937
A World of Chocolate	239,201	265,159
Other Events	32,636	36,669
Total	\$ 1,182,173	\$ 1,160,926

Note 9: Retirement Plan

The Foundation maintains a 401(K) employee benefit plan, whereby the Foundation makes contributions of 5% of eligible salary to the plan for each employee meeting length of service requirements (six months). Eligible employees can also make voluntary contributions to the plan. The cost to the Foundation was \$226,331 and \$230,976 for the years ended June 30, 2018 and 2017 respectively.

Note 10: Board Designated Funds

Board designated funds at June 30, 2018 and 2017 consist of the following:

	2018	2017
Six months of core operating expenses	\$ 2,578,628	\$ 2,578,628
Cash flow for public grant expenses	2,500,000	2,500,000
Service innovation and expansion	250,000	250,000
Fund for the future	1,074,494	1,072,494
Funds for new office building	250,000	-
Funds for new electronic client information system	350,000	-
Total	\$ 7,003,122	\$ 6,401,122

The \$2,578,628 represents six months of the Foundation's operating expenses as a safety measure to continue operations in the event of a sudden unexpected loss of revenue from either public or private sources. The amount is considered necessary to allow the Foundation to implement a transition mechanism that will minimize the impact on the HIV/AIDS system of programs and services.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 10: Board Designated Funds (Continued)

The \$2,500,000 cash flow reserve is used to cover cash flow shortages resulting from on-going delays in public grant reimbursements. The Foundation's annual public grants are approximately \$23,000,000 (\$1,920,000 monthly), and the Foundation is typically reimbursed two to three months after the expenses have been paid. The combined board designated funds and unrestricted funds allow the Foundation to fully cover the cash requirements of the public grants system throughout the year.

The \$250,000 reserve for Service Innovation and Expansion represents a cash reserve created for program expansion, innovation, and new initiatives.

The \$1,674,494 represents a reserve designated for the future by the board. In 2009, the Foundation initiated solicitation for a permanent endowment fund. In 2014, the Foundation obtained permission from the donors to release these funds to a new Board Designated Fund for the Future. Interest, dividends and realized gains are to be used to support operations. The funds raised and collected to date are invested in mutual funds through Merrill Lynch.

On June 22, 2018, the Board voted to designate \$250,000 of this amount for the Foundation's move to a new office building (scheduled for July or August 2020) and \$350,000 for a new electronic client information system to be purchased in FY2019.

Note 11: Related Party Transactions

The Foundation formed the Center for Housing and Health "CHH" as a supporting organization. CHH was organized to promote the coordination, research, evaluation and policy development of housing and health programs that serve vulnerable populations in the Chicago Metropolitan area. CHH and the Foundation have common board membership. The Foundation provides CHH with the use of personnel and allocates certain operating expenses. Additionally, the Foundation contributes unrestricted funds to CHH as well as pass through federal grants. Consolidated financial statements are being issued combining activity for both the Foundation and CHH. They have been issued under a separate cover.

The following is a summary of activity included in the financial statements:

Included in statements of financial position

<i>Years Ended June 30, 2018 and 2017</i>	2018	2017
Due from Related Party	\$ 184,917	\$ 221,120

Included in statements of activities

<i>Years Ended June 30, 2018 and 2017</i>	2018	2017
Public Grants Earned	\$ 890,915	\$ 938,800
Corporate and Foundation Grants	-	250,000

AIDS Foundation of Chicago

Notes to Financial Statements

Note 12: Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 are comprised of the following:

	Accounts Receivable	Time Restricted	Total
Syringe exchange advocacy	\$ 40,000	\$ -	\$ 40,000
Support HIV and aging	-	13,017	13,017
Case management	-	33,188	33,188
Ensuring access to HIV care	50,000	107,660	157,660
Getting to zero	110,000	-	110,000
Research to cure HIV	-	169,236	169,236
Speak up	-	22,747	22,747
Women connection	-	123,176	123,176
FY19 operating expenses	220,000	20,000	240,000
Total	\$ 420,000	\$ 489,024	\$ 909,024

Temporarily restricted net assets at June 30, 2017 are comprised of the following:

	Accounts Receivable	Time Restricted	Total
Syringe exchange advocacy	\$ 30,000	\$ -	\$ 30,000
Support HIV and aging	75,636	-	75,636
Health care reform	231,600	69,442	301,042
Case management	40,000	30,524	70,524
Ensuring access to HIV care	-	116,060	116,060
Research to cure HIV	-	283,443	283,443
Speak up	-	84,014	84,014
FY18 operating expenses	120,000	-	120,000
Total	\$ 497,236	\$ 583,483	\$ 1,080,719

During the years ending June 30, 2018 and 2017, \$861,423 and \$823,756 of net assets were released from restrictions due to passage of specified time and restricted grants being expensed, respectively.

Note 13: Reclassification of Prior Year Audit Statement

During the year ended June 30, 2018 management determined that certain assets and liabilities should be reclassified to conform with current year presentation. The effect of this reclassification had no effect on net assets or the change in net assets.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 13: Reclassification of Prior Year Audit Statement (Continued)

The effect of these reclassifications on the June 30, 2017 financial statements are as follows:

Statement of Financial Position at June 30, 2017	As Previously Stated	Effect of Reclassification	As Restated
Current assets - unrestricted:			
Grants receivable	\$ 19,209,564	\$ (14,947,462)	\$ 4,262,102
Unearned government grants	(15,009,490)	14,947,462	(62,028)

Note 14: Grant Award Commitments

At June 30, 2018 and 2017, the Foundation had commitments under various grants of approximately \$19,498,614 and \$15,009,490, respectively. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Note 15: Subsequent Event

On January 10, 2019 the Foundation entered into a new lease agreement for office space, classified as an operating lease, with an unrelated third party which will expire August 31, 2034.

Minimum lease commitments over the next five years are as follows:

<i>Years Ended June 30</i>	2018
2019	\$ 233,443
2020	525,247
2021	536,530
2022	551,231
2023	629,685
Thereafter	9,998,252
Total	\$ 12,474,388

Supplementary Information

**AIDS Foundation of Chicago
Schedule of Public Grant Activity
For the Year Ended June 30, 2018**

	Part A	Part B	HOPWA	Supportive Housing Program	HUD Corrections
Funding Agency	Chicago Dept. of Public Health	Illinois Dept. of Public Health	Chicago Dept. of Public Health	U.S. Dept. of Housing & Urban Dev.	U.S. Dept. of Housing & Urban Dev.
Grant Period(s)	3/1/18-2/28/19 3/1/17-2/28/18	4/1/18-3/31/2019 4/1/17-3/31/18	1/1/18-12/31/18 1/1/17-12/31/17	5/1/18-4/30/19 5/1/17-4/30/18	8/1/17-7/31/20 8/1/14-7/31/17
Total Grant Award(s)	\$ 6,020,384	\$ 4,425,884	\$ 2,925,965	\$ 1,950,490	\$ 1,423,648
	<u>\$ 6,020,384</u>	<u>\$ 3,746,218</u>	<u>\$ 2,925,965</u>	<u>\$ 1,891,308</u>	<u>\$ 1,456,182</u>
Grant Awards:					
Grants Receivable 6/30/17	\$ 6,020,384	\$ 3,691,801	\$ 2,925,965	\$ 1,891,308	\$ 176,879
New Grant Awards	6,020,384	4,425,884	2,925,965	1,950,490	1,423,648
Grant Collected or Adjusted	(6,020,384)	(3,770,105)	(3,776,339)	(1,891,308)	(581,987)
Uncollected Grant Awards 6/30/18	\$ 6,020,384	\$ 4,347,580	\$ 2,075,591	\$ 1,950,490	\$ 1,018,540
Unearned Grant Commitments:					
Unearned Grant 6/30/17	\$ 5,241,764	\$ 3,392,153	\$ 1,355,053	\$ 1,555,151	\$ 35,676
New Grant Awards	6,020,384	4,425,884	2,925,965	1,950,490	1,423,648
Grants Expended and Earned:					
Expenditures	(6,303,303)	(3,781,275)	(2,779,109)	(1,884,442)	(469,811)
Adjustment	(73,883)	49,649	119,307	(19,898)	(4,167)
Remaining Grant Commitments 6/30/18	\$ 4,884,962	\$ 4,086,411	\$ 1,621,216	\$ 1,601,301	\$ 985,346

See independent auditor's report.

**AIDS Foundation of Chicago
Schedule of Public Grant Activity
For the Year Ended June 30, 2018**

	Corrections Initiative	Part B Collar Counties	HOPWA RCN	HUD SSI	HOPWA CHHP
Funding Agency	Illinois Dept. of Public Health	Illinois Dept. of Public Health	U.S. Dept. of Housing & Urban Dev.	U.S. Dept. of Housing & Urban Dev.	U.S. Dept. of Housing & Urban Dev.
Grant Period(s)	4/1/18-3/31/19 4/1/17-3/31/18	4/1/18-3/31/19 4/1/17-3/31/18	2/1/19-1/31/19	9/1/17-8/31/18 9/1/16-8/31/17	2/1/18-1/31/21 2/1/15-1/31/18
Total Grant Award(s)	\$ 543,667	\$ 961,832	\$ 1,472,777	\$ 2,777,296	\$ 1,382,574
	<u>\$ 559,060</u>	<u>\$ 830,717</u>		<u>\$ 2,777,296</u>	<u>\$ 1,423,774</u>
Grant Awards:					
Grants Receivable 6/30/17	\$ 543,667	\$ 803,249	\$ 983,461	\$ 723,565	\$ 468,027
New Grant Awards	543,667	961,832	-	2,777,296	1,382,574
Grant Collected or Adjusted	(453,322)	(823,451)	(623,842)	(2,966,332)	(599,722)
Uncollected Grant Awards 6/30/18	\$ 634,012	\$ 941,630	\$ 359,619	\$ 534,529	\$ 1,250,879
Unearned Grant Commitments:					
Unearned Grant 6/30/17	\$ 475,638	\$ 724,798	\$ 768,245	\$ 509,998	\$ 294,705
New Grant Awards	543,667	961,832	-	2,777,296	1,382,574
Grants Expended and Earned:					
Expenditures	(567,654)	(838,284)	(451,246)	(3,057,197)	(452,286)
Adjustment	15,423	22,667	-	(4,499)	(980)
Remaining Grant Commitments 6/30/18	\$ 467,074	\$ 871,013	\$ 316,999	\$ 225,598	\$ 1,224,013

See independent auditor's report.

**AIDS Foundation of Chicago
Schedule of Public Grant Activity
For the Year Ended June 30, 2018**

	H&H CDPH	IDHS Supportive Housing	IDPH PACPI	DHHS HRSA	HHS CDC
Funding Agency	Chicago Dept. of Public Health	Illinois Dept. of Human Services	Pediatric AIDS Chicago Prevention Initiative	Dept. of Health & Human Services	Center for Disease Control
Grant Period(s)	1/1/17-12/31/17 1/1/16-12/31/16	7/1/17-6/30/18 7/1/16-6/30/17	4/1/18-3/30/19	9/1/17-8/31/18 9/1/16-8/31/17	10/1/16-9/30/17
Total Grant Award(s)	\$ 482,412	\$ 602,285	\$ 742,407	\$ 300,000	\$ 311,735
	<u>\$ 482,412</u>	<u>\$ 397,285</u>		<u>\$ 289,500</u>	
Grant Awards:					
Grants Receivable 6/30/17	\$ 482,412	\$ 22,378	\$ -	\$ 115,626	\$ 129,298
New Grant Awards	482,412	602,285	742,407	300,000	-
Grant Collected or Adjusted	(695,235)	(624,663)	(185,602)	(328,894)	(129,298)
Uncollected Grant Awards 6/30/18	\$ 269,589	\$ -	\$ 556,805	\$ 86,732	\$ -
Unearned Grant Commitments:					
Unearned Grant 6/30/17	\$ 217,049	\$ 84,405	\$ -	\$ 73,712	\$ 105,524
New Grant Awards	482,412	602,285	742,407	300,000	-
Grants Expended and Earned:					
Expenditures	(498,231)	(586,184)	(2,660)	(319,329)	(105,524)
Adjustment	(742)	(22,735)	-	(2,270)	-
Remaining Grant Commitments 6/30/18	\$ 200,488	\$ 77,771	\$ 739,747	\$ 52,113	\$ -

See independent auditor's report.

**AIDS Foundation of Chicago
Schedule of Public Grant Activity
For the Year Ended June 30, 2018**

	IDPH HOPWA Cook	IDPH HOPWA Collar	HRSA Safe & Sound	CDC	NWU PrEP
Funding Agency	Illinois Dept. of Public Health	Illinois Dept. of Public Health	Dept. of Health & Human Services	FHI360	Northwestern University
Grant Period(s)	3/31/18-3/31/20	3/31/18-3/31/20	9/30/17-9/29/20	8/15/17-9/29/17	8/16/17-3/31/18
Total Grant Award(s)	<u>\$ 1,014,389</u>	<u>\$ 1,218,380</u>	<u>\$ 300,000</u>	<u>\$ 20,000</u>	<u>\$ 7,391</u>
Grant Awards:					
Grants Receivable 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ -
New Grant Awards	1,014,389	1,218,380	300,000	20,000	7,391
Grant Collected or Adjusted	-	-	(91,434)	(20,000)	-
Uncollected Grant Awards 6/30/18	<u>\$ 1,014,389</u>	<u>\$ 1,218,380</u>	<u>\$ 208,566</u>	<u>\$ -</u>	<u>\$ 7,391</u>
Unearned Grant Commitments:					
Unearned Grant 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ -
New Grant Awards	1,014,389	1,218,380	300,000	20,000	7,391
Grants Expended and Earned:					
Expenditures	(288,997)	(181,306)	(115,933)	(18,762)	(4,763)
Adjustment	-	-	-	(1,238)	-
Remaining Grant Commitments 6/30/18	<u>\$ 725,392</u>	<u>\$ 1,037,074</u>	<u>\$ 184,067</u>	<u>\$ -</u>	<u>\$ 2,628</u>

See independent auditor's report.

AIDS Foundation of Chicago
Schedule of Public Grant Activity
For the Year Ended June 30, 2018

	<u>PrEP CDPH</u>	<u>HHS NPPA</u>	<u>NIH - NCMHD</u>	<u>Total</u>
Funding Agency	Chicago Dept. of Public Health	Dept. of Health & Human Services	Medical College of Wisconsin	
Grant Period(s)	9/1/17-9/29/18	9/30/14-9/29/17	6/1/18-5/31/19 6/1/17-5/31/18 9/1/16-5/31/17	
Total Grant Award(s)	<u>\$ 350,000</u>	<u>\$ 1,221,100</u>	<u>\$ 67,668</u> <u>\$ 71,812</u> <u>\$ 69,907</u>	
Grant Awards:				
Grants Receivable 6/30/17	\$ -	\$ 163,273	\$ 68,271	\$ 19,209,564
New Grant Awards	350,000	-	139,480	27,588,484
Grant collected or adjusted	(200,767)	(163,273)	(118,246)	(24,064,204)
Uncollected Grant Awards 6/30/18	<u>\$ 149,233</u>	<u>\$ -</u>	<u>\$ 89,505</u>	<u>\$ 22,733,844</u>
Unearned Grant Commitments:				
Unearned Grant 6/30/17	\$ -	\$ 107,347	\$ 68,272	\$ 15,009,490
New Grant Awards	350,000	-	139,480	27,588,484
Grants Expended and Earned:				-
Expenditures	(237,454)	(107,347)	(59,235)	(23,110,332)
Adjustment	-	-	(65,663)	10,971
Remaining Grant Commitments 6/30/18	<u>\$ 112,546</u>	<u>\$ -</u>	<u>\$ 82,854</u>	<u>\$ 19,498,613</u>

See independent auditor's report.

AIDS Foundation of Chicago
Schedule of Program Expenses
For the Year Ended June 30, 2018

	Service Coordination - Programs Public	Advocacy & Public Policy	Programs - Private	Total
Salaries & related	\$ 3,496,299	\$ 759,354	\$ 689,688	\$ 4,945,341
Occupancy	166,104	58,260	50,723	275,087
Contractual services	160,693	308,046	118,110	586,849
Telephone and utilities	23,973	13,469	13,240	50,682
Printing	868	6,873	5,942	13,683
Office supplies	125,454	44,823	190,736	361,013
Postage and messenger	6,590	1,401	1,342	9,333
IT subscription dues	3,037	44,428	13,877	61,342
Insurance	18,823	2,785	2,797	24,405
Travel, meetings and conferences	41,275	123,965	120,433	285,673
Public education	-	55,545	38,776	94,321
Direct client support	6,599,424	1,298	278,187	6,878,909
Tenant rent write off	155,138	-	-	155,138
Equipment rental & maintenance	5,896	1,093	996	7,985
Depreciation	65,238	9,612	9,675	84,525
Other	66	13,408	45	13,519
Total	\$ 10,868,878	\$ 1,444,360	\$ 1,534,567	\$ 13,847,805

See independent auditor's report.