



**KESSLER ORLEAN SILVER**  
CERTIFIED PUBLIC ACCOUNTANTS

**AIDS Foundation of Chicago**

**Financial Statements**

**June 30, 2015 and 2014**

# AIDS Foundation of Chicago

## Table of Contents

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	<b>Page</b>
Independent Auditor's Report	1-2
Statements of Financial Position	3-4
Statements of Activities and Changes in Net Assets	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-18
Independent Auditor's Report on Supplementary Information	19
Schedule of Grant Activity	20-24



KESSLER ORLEAN SILVER  
CERTIFIED PUBLIC ACCOUNTANTS

1101 Lake Cook Road, Suite C  
Deerfield, Illinois 60015-5233

T 847.580.4100  
F 847.580.4199  
www.koscpa.com

## **Independent Auditor's Report**

To the Board of Directors  
AIDS Foundation of Chicago  
Chicago, IL

### **Report on the Financial Statements**

We have audited the accompanying financial statements of AIDS Foundation of Chicago (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and changes in net assets, 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the 2015 financial statements referred to above present fairly, in all material respects, the financial position of AIDS Foundation of Chicago as of June 30, 2015, 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 of America.

## **Prior Period Financial Statements**

The financial statements as of June 30, 2014 were audited by Ruzicka & Associates, Ltd., who merged with Kessler, Orlean, Silver & Company, P.C., as of December 1, 2014, and whose report dated September 17, 2014, expressed an unmodified opinion on these statements.

## **Report on Summarized Comparative Information**

Ruzicka & Associates, Ltd. previously audited AIDS Foundation of Chicago's 2014 financial statements, and their report dated September 17, 2014, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited information from which it has been derived.

Respectfully submitted,

*Kessler, Orlean, Silver & Company, P.C.*

**Kessler, Orlean, Silver & Company, P.C.**  
Certified Public Accountants

Deerfield, Illinois  
December 11, 2015

# AIDS Foundation of Chicago

## Statement of Financial Position

June 30, 2015

With Summarized Comparative Totals For 2014

	Assets					2014 Totals Only
			2015			
	Unrestricted	Government Grants	Total Unrestricted	Temporarily Restricted	Total	
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 3,049,469	\$ -	\$ 3,049,469	\$ 361,866	\$ 3,411,335	\$ 2,424,894
Grants Receivable	3,335,242	17,451,608	20,786,850	-	20,786,850	20,800,685
Other Receivable	399,957	-	399,957	483,910	883,867	1,276,732
Prepaid Expenses and Deposits	295,346	-	295,346	-	295,346	276,808
Due from Related Party	253,590	-	253,590	-	253,590	112,633
Pledges Receivable, current	79,922	-	79,922	-	79,922	71,901
Total Current Assets	<u>7,413,526</u>	<u>17,451,608</u>	<u>24,865,134</u>	<u>845,776</u>	<u>25,710,910</u>	<u>24,963,653</u>
<b>Property and Equipment</b>						
Furniture, Fixtures & Equipment	1,632,369	-	1,632,369	-	1,632,369	1,524,395
Less Accumulated Depreciation	<u>(1,254,683)</u>	<u>-</u>	<u>(1,254,683)</u>	<u>-</u>	<u>(1,254,683)</u>	<u>(1,132,935)</u>
Net Property and Equipment	<u>377,686</u>	<u>-</u>	<u>377,686</u>	<u>-</u>	<u>377,686</u>	<u>391,460</u>
<b>Other Assets</b>						
Pledges Receivable, non-current	21,361	-	21,361	-	21,361	42,777
Loan Receivable - Related Party	250,000	-	250,000	-	250,000	250,000
Investments	<u>2,220,871</u>	<u>-</u>	<u>2,220,871</u>	<u>-</u>	<u>2,220,871</u>	<u>2,209,816</u>
Total Other Assets	<u>2,492,232</u>	<u>-</u>	<u>2,492,232</u>	<u>-</u>	<u>2,492,232</u>	<u>2,502,593</u>
<b>Total Assets</b>	<b><u>\$ 10,283,444</u></b>	<b><u>\$ 17,451,608</u></b>	<b><u>\$ 27,735,052</u></b>	<b><u>\$ 845,776</u></b>	<b><u>\$ 28,580,828</u></b>	<b><u>\$ 27,857,706</u></b>

See accompanying notes to the financial statements.

# AIDS Foundation of Chicago

## Statement of Financial Position

June 30, 2015

With Summarized Comparative Totals For 2014

	Liabilities and Net Assets					2014 Totals Only
	Unrestricted	Government Grants	2015 Total Unrestricted	Temporarily Restricted	Total	
<b>Liabilities</b>						
Grants Payable	\$ 210,322	\$ -	\$ 210,322	\$ -	\$ 210,322	\$ 340,081
Other Payables	167,065	-	167,065	-	167,065	364,173
Deferred Revenue	285,737	-	285,737	-	285,737	387,621
Accrued Paid Time Off	264,807	-	264,807	-	264,807	242,207
Accrued Rent	173,556	-	173,556	-	173,556	-
Unearned Government Grants	-	17,451,608	17,451,608	-	17,451,608	17,067,802
<b>Total Liabilities</b>	<u>1,101,487</u>	<u>17,451,608</u>	<u>18,553,095</u>	<u>-</u>	<u>18,553,095</u>	<u>18,401,884</u>
<b>Net Assets</b>						
Unrestricted	2,760,375	-	2,760,375	-	2,760,375	2,234,495
Board Designated	6,421,582	-	6,421,582	-	6,421,582	6,360,582
Temporarily Restricted	-	-	-	845,776	845,776	860,745
<b>Total Net Assets</b>	<u>9,181,957</u>	<u>-</u>	<u>9,181,957</u>	<u>845,776</u>	<u>10,027,733</u>	<u>9,455,822</u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 10,283,444</b></u>	<u><b>\$ 17,451,608</b></u>	<u><b>\$ 27,735,052</b></u>	<u><b>\$ 845,776</b></u>	<u><b>\$ 28,580,828</b></u>	<u><b>\$ 27,857,706</b></u>

See accompanying notes to the financial statements.

## AIDS Foundation of Chicago

### Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2015

With Summarized Comparative Totals For 2014

	2015				2014	
	Unrestricted	Government Grants	Total Unrestricted	Temporarily Restricted	Total	Totals Only
<b>Support and Revenue</b>						
Government Grants	\$ -	\$ 19,464,091	\$ 19,464,091	\$ -	\$ 19,464,091	\$ 19,125,302
Special Events						
Gross Proceeds	2,085,358	-	2,085,358	-	2,085,358	1,828,140
Less Direct Expenses	(864,964)	-	(864,964)	-	(864,964)	(702,655)
Direct Mail Campaign						
Gross Proceeds	64,576	-	64,576	-	64,576	94,754
Less Direct Expenses	(31,327)	-	(31,327)	-	(31,327)	(44,198)
Foundation and Corporate Grants	1,503,286	-	1,503,286	1,302,118	2,805,404	3,131,335
Individual Contributions	329,021	-	329,021	-	329,021	232,814
Bequests	22,914	-	22,914	-	22,914	326,623
Investment Income	30,716	-	30,716	-	30,716	170,524
Other Revenue	568,069	-	568,069	-	568,069	715,467
Net Assets Released From Restrictions	1,317,087	-	1,317,087	(1,317,087)	-	-
<b>Total Support and Revenue and Assets Released from Restrictions</b>	<b>5,024,736</b>	<b>19,464,091</b>	<b>24,488,827</b>	<b>(14,969)</b>	<b>24,473,858</b>	<b>24,878,106</b>
<b>Expenses</b>						
Program Services	1,397,458	4,579,017	5,976,475	-	5,976,475	5,881,847
General and Administrative	948,948	-	948,948	-	948,948	893,774
Development	932,474	-	932,474	-	932,474	872,066
<b>Total Expenses</b>	<b>\$ 3,278,880</b>	<b>\$ 4,579,017</b>	<b>\$ 7,857,897</b>	<b>\$ -</b>	<b>\$ 7,857,897</b>	<b>\$ 7,647,687</b>

See accompanying notes to the financial statements.

**AIDS Foundation of Chicago**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2015**  
**With Summarized Comparative Totals For 2014**

	<b>2015</b>				<b>2014</b>	
	<b>Unrestricted</b>	<b>Government Grants</b>	<b>Total Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Totals Only</b>
Excess of Revenues over Expenses Before Grants and Awards	\$ 1,745,856	\$ 14,885,074	\$ 16,630,930	\$ (14,969)	\$ 16,615,961	\$ 17,230,419
Grants and Awards Given	1,158,976	14,885,074	16,044,050	-	16,044,050	16,343,910
<b>Change in Net Assets</b>	586,880	-	586,880	(14,969)	571,911	886,509
<b>Net Assets at Beginning of Year</b>	8,595,077	-	8,595,077	860,745	9,455,822	8,569,313
<b>Net Assets at End of Year</b>	<b>\$ 9,181,957</b>	<b>\$ -</b>	<b>\$ 9,181,957</b>	<b>\$ 845,776</b>	<b>\$ 10,027,733</b>	<b>\$ 9,455,822</b>

See accompanying notes to the financial statements.



**AIDS Foundation of Chicago**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**  
**With Summarized Comparative Totals For 2014**

	<u>Service Coordination Programs Public</u>	<u>Advocacy and Public Policy</u>	<u>Programs Private</u>	<u>Total Program Services</u>
Salaries	\$ 2,233,545	\$ 416,084	\$ 368,521	\$ 3,018,150
Payroll Taxes and Benefits	760,570	153,564	89,759	1,003,893
Occupancy	240,600	37,971	41,407	319,978
Contractual Services	448,603	103,471	293,385	845,459
Telephone and Utilities	25,554	9,304	3,459	38,317
Printing	738	4,439	175	5,352
Office Supplies	110,871	16,200	20,537	147,608
Postage and Messenger	7,219	1,677	1,224	10,120
Insurance	15,223	2,662	2,143	20,028
Subscription and Dues	27,027	38,744	8,114	73,885
Travel and Conferences	60,519	124,263	44,369	229,151
Public Education/Communication	-	43,824	34,044	77,868
Direct Service Support	47,975	508	29,026	77,509
Equipment Rental and Maintenance	9,478	1,360	1,297	12,135
Depreciation	70,888	13,061	10,857	94,806
Other	2,184	32	-	2,216
<b>Total</b>	<b><u>\$ 4,060,994</u></b>	<b><u>\$ 967,164</u></b>	<b><u>\$ 948,317</u></b>	<b><u>\$ 5,976,475</u></b>

See accompanying notes to the financial statements.

**AIDS Foundation of Chicago**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**  
**With Summarized Comparative Totals For 2014**

	<u>Supporting Services</u>			<u>Total All Funds</u>	<u>2014 Totals Only</u>
	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>		
Salaries	\$ 533,090	\$ 493,095	\$ 1,026,185	\$ 4,044,335	\$ 4,206,910
Payroll Taxes and Benefits	176,415	158,083	334,498	1,338,391	1,176,559
Occupancy	70,615	50,753	121,368	441,346	415,361
Contractual Services	34,002	59,758	93,760	939,219	676,497
Telephone and Utilities	3,113	4,353	7,466	45,783	43,547
Printing	-	2,752	2,752	8,104	4,029
Office Supplies	17,026	64,182	81,208	228,816	183,375
Postage and Messenger	1,295	3,601	4,896	15,016	13,806
Insurance	2,263	2,747	5,010	25,038	21,518
Subscription and Dues	32,442	5,432	37,874	111,759	133,613
Travel and Conferences	10,970	6,905	17,875	247,026	249,644
Public Education/Communication	16,550	-	16,550	94,418	152,947
Direct Service Support	-	-	-	77,509	136,228
Equipment Rental and Maintenance	1,209	1,340	2,549	14,684	14,699
Depreciation	13,276	13,324	26,600	121,406	102,617
Other	36,682	66,149	102,831	105,047	116,337
<b>Total</b>	<b><u>\$ 948,948</u></b>	<b><u>\$ 932,474</u></b>	<b><u>\$ 1,881,422</u></b>	<b><u>\$ 7,857,897</u></b>	<b><u>\$ 7,647,687</u></b>

See accompanying notes to the financial statements.

# AIDS Foundation of Chicago

## Statements of Cash Flows

For the Years Ended June 30, 2015 and 2014

	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 571,911	\$ 886,509
<u>Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities</u>		
Depreciation	121,406	102,617
Realized/Unrealized (Gain) Loss on Investments	41,656	(111,183)
(Increase) Decrease in:		
Grants and Other Receivables	420,095	(5,370,181)
Prepaid Rent and Rent Deposit	(18,538)	4,280
Due from Related Party	(140,957)	-
Increase (Decrease) in:		
Grants Payable	(129,759)	(226,315)
Other Payables	(952)	(47,474)
Deferred Revenue	(101,884)	(182,151)
Unearned Government Grants	383,806	4,876,987
Total Adjustments	574,873	(953,420)
Net Cash Provided (Used) by Operating Activities	1,146,784	(66,911)
<b>Cash Flows from Investing Activities</b>		
Purchase of Equipment	(107,632)	(326,023)
Purchase of Investments	(827,625)	(326,332)
Proceeds from Sale of Investments	774,914	291,373
Net Cash Used by Investing Activities	(160,343)	(360,982)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	986,441	(427,893)
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,424,894	2,852,787
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,411,335</b>	<b>\$ 2,424,894</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Income Taxes	\$ -	\$ -
Cash Paid for Interest	\$ -	\$ -

See accompanying notes to the financial statements.

**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

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**Note 1 – Summary of Significant Accounting Policies**

Organization

The 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.

The Foundation is exempt from federal income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code and has received an updated favorable determination letter from the Internal Revenue Service dated October 31, 2002. The tax exempt purpose of the Foundation and the nature in which it operates is described above.

Basis of Accounting

The Foundation prepares its financial statements using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity 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.

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.

Property & 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.

Accrued 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 accrued rent. Accrued Rent as of June 30, 2015 is \$173,556 and is included in Other Payables on the Statement of Financial Position.

Fair Value Disclosures

The fair value of financial instruments including cash and cash equivalents, investments, grants, accounts receivable, prepaid expenses and deposits, grants payable, other payables and deferred revenue approximates the carrying values, principally because of the short maturity of those items.

**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

Valuation of Investments

The Foundation adopted provisions of FASB ASC 820-10, which provides a framework for measuring fair value under GAAP. That standard defines fair value as the exchange price that would be received for an asset or paid for a liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

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.

Revenue and Expenses

Revenue and expenses are recorded on the accrual basis. Contributions and grants are recognized when awarded. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Government grants are recognized as revenue when related expenditures are incurred. Such activity is classified as unrestricted because restrictions on expenditures are met in the same period as revenue recognition.

Expenses, which are common to program and to support services, are allocated on basis determined by management.

Net Assets

The Foundation classifies its net assets into three categories:

Unrestricted net assets include all of the unrestricted support and revenue of the Foundation, all of the expenses of the Foundation, and transfers from temporarily restricted net assets for reimbursement of expenditures that meet the restrictions of the donors.

Temporarily restricted net assets include all the restricted support and revenue of the Foundation. Transfers are made from this fund to unrestricted net assets as expenditures are incurred which meet the restrictions of the donors.

Permanently restricted net assets include funds received from donors with the stipulation that they be permanently retained by the Foundation in perpetuity and that only the income and/or use of the assets are available to the Foundation. During the year ended June 30, 2009, the Foundation established an endowment fund. In 2014, donors were asked to release the permanent restriction on these net assets to a board designated Fund for the Future.

**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

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**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 of the Foundation for tax years 2012, 2013, and 2014 can be subject to examinations by tax authorities, generally for three years after they are filed. The Foundation recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At June 30, 2015, there was no interest or penalties relating to income taxes recognized in the statement of activities.

Subsequent Events

Management has evaluated subsequent events through December 11, 2015, the date the financial statements were available to be issued.

**Note 2 – Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

**Note 3 – 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 June 30, 2015, the uninsured cash balance was \$5,696,553. 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 4 – Retirement Plan**

The Foundation maintains a 401(K) employee benefit plan, whereby the Foundation makes contributions of five percent of eligible salary to the plan for each employee meeting length of service requirements (one year). Eligible employees can also make voluntary contributions to the plan. The cost to the Foundation was \$212,304 and \$166,553 for the years ended June 30, 2015 and 2014, respectively.

**Note 5 – Special Events**

The Foundation's largest special events were the AIDS Run and Walk held in September, the Team to end AIDS activities held in connection with the Bank of America Half Marathon held in September and

**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

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**Note 5 – Special Events** (Continued)

Chicago Marathon run in October, Dance for Life held August, A World of Chocolate held November, and the 30 Year Anniversary Gala held in May 2015.

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

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>
AIDS Run and Walk	\$ 594,801	\$ 666,031
Team to end AIDS	338,450	469,175
Dance for Life	289,096	323,398
A World of Chocolate	233,856	263,443
30 Year Anniversary Gala	629,155	-
Spring Event	-	106,093
	<u>\$ 2,085,358</u>	<u>\$ 1,828,140</u>

**Note 6 – Lease Commitments**

The Foundation has entered into an amended lease agreement, classified as an operating lease, for office space. Rent expense totaled \$441,346 and \$415,361 for the years ending June 30, 2015 and 2014, 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 441,216
2017	450,021
2018	458,856
2019	467,601
2020	79,155
Total	<u>\$ 1,896,849</u>

**Note 7 – 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.

**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

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**Note 7 – Line of Credit** (Continued)

The line is collateralized by investments held at Merrill Lynch in the LMA Account. Interest is payable at a variable interest rate determined by the 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, 2015, the Foundation had investments of \$2,219,438 at Merrill Lynch and an available Line of Credit of \$1,317,064 with Merrill Lynch.

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 on against its securities using this Line of Credit. During the years ended June 30, 2015 and 2014, this borrowing arrangement was not utilized.

**Note 8 – Pledges Receivable**

Pledges Receivable for Fund for the Future at June 30, 2015 are as follows:

Year Ending June 30,	Amount
2016	\$ 79,922
2017	14,611
2018	5,500
2019	1,250
Total	<u>\$ 101,283</u>

Pledges have not been discounted due to current low market interest rates.

**Note 9 – Summary of Investments**

Investments consisted of the following as of June 30, 2015:

Description	Cost	Market
Cash Reserves	\$ 63,075	\$ 63,075
Mutual Funds	2,135,942	2,157,796
Total Investments	<u>\$ 2,199,017</u>	<u>\$ 2,220,871</u>



**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

**Note 9 – Summary of Investments** (Continued)

Investments consisted of the following as of June 30, 2014:

Description	Cost	Market
Cash Reserves	\$ 102,487	\$ 102,487
Mutual Funds	2,015,395	2,107,329
Total Investments	<u>\$ 2,117,882</u>	<u>\$ 2,209,816</u>

Investment management fees totaled \$19,636 and \$18,905 for the years ended June 30, 2015 and 2014, respectively.

Investments are measured at fair value. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 – inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.

Level 2 – inputs are based on significant observable inputs, including unadjusted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 – inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments at June 30, 2015 are valued as follows:

	Cost	Market Value	Unrealized Gain
Level 1, Quoted Prices in Active Markets	\$ 2,199,017	\$ 2,220,871	\$ 21,854
Total Investments, June 30, 2015	<u>\$ 2,199,017</u>	<u>\$ 2,220,871</u>	<u>\$ 21,854</u>

**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

**Note 9 – Summary of Investments** (Continued)

Investments at June 30, 2014 are valued as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Level 1, Quoted Prices in Active Markets	\$ 2,015,395	\$ 2,107,329	\$ 91,934
Total Investments, June 30, 2014	<u>\$ 2,015,395</u>	<u>\$ 2,107,329</u>	<u>\$ 91,934</u>

Investment Income for the years ending 2015 and 2014 are summarized as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Dividends and Interest	\$ 72,372	\$ 59,342
Unrealized Gains/Losses	29,199	71,550
Realized Gains/Losses	<u>(70,855)</u>	<u>39,632</u>
Total Investment Income	<u>\$ 30,716</u>	<u>\$ 170,524</u>

**Note 10 – Board Designated Funds**

Board designated funds at June 30, 2015 and 2014 consist of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
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	<u>1,092,954</u>	<u>1,031,954</u>
Total	<u>\$ 6,421,582</u>	<u>\$ 6,360,582</u>

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.

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 \$19,000,000 (\$1,600,000 monthly), and the Foundation is normally reimbursed two to three months after the expenses have been paid. The combined board designated funds and generally unrestricted funds allow the Foundation to fully cover the cash requirements of the public grants system throughout the year.

**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

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**Note 10 – Board Designated Funds (Continued)**

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

The \$1,092,954 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.

Because of the positive 2015 operating results, the board of directors are currently in discussion to decide increasing board designated funds for purposes of protecting the cash flow for grants to partner agencies in view of current state and local government fiscal problems and of providing funds for the continued strategic planning initiatives.

**Note 11 – Temporarily Restricted Net Assets**

Temporarily restricted grants receivable at June 30, 2015 are comprised of the following:

	<u>Accounts Receivable</u>	<u>Time Restricted</u>	<u>Total</u>
Social Innovation Fund	\$ 130,010	\$ -	\$ 130,010
Community Links	-	13,065	13,065
Funding for PReP	200,000	211,058	411,058
Health Care Reform	100,000	20,000	120,000
PPACAI	-	36,376	36,376
Advocay Female Condom Campaign	-	51,367	51,367
Social Media Campaign	-	30,000	30,000
FY16 Operating Expenses	53,900	-	53,900
	<u>53,900</u>	<u>-</u>	<u>53,900</u>
Total	<u>\$ 483,910</u>	<u>\$ 361,866</u>	<u>\$ 845,776</u>

**AIDS Foundation of Chicago**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2015 and 2014**

**Note 11 – Temporarily Restricted Net Assets (Continued)**

Temporarily restricted grants receivable at June 30, 2014 are comprised of the following:

	<u>Accounts Receivable</u>	<u>Time Restricted</u>	<u>Total</u>
Social Innovation Fund	\$ 125,481	\$ -	\$ 125,481
Supportive Housing	-	100,000	100,000
Funding for PReP	-	170,290	170,290
Health Care Reform	80,000	-	80,000
PPACAI	-	43,596	43,596
Advocay Female Condom Campaign	-	49,972	49,972
Social Media Campaign	19,431	-	19,431
In-Care	-	13,198	13,198
IRMA	-	2,909	2,909
Circle of Service	-	140,868	140,868
FY15 Operating Expenses	<u>115,000</u>	<u>-</u>	<u>115,000</u>
Total	<u>\$ 339,912</u>	<u>\$ 520,833</u>	<u>\$ 860,745</u>

These amounts were released to restricted revenue in fiscal year 2015.

In the year ending June 30, 2015, \$1,317,087 of net assets were released from restrictions due to passage of specified time and restricted grants being expensed.

**Note 12 – Related Party**

Center for Housing and Health (“Center”) was formed as a supporting Organization for the Foundation. It 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.

Related party receivable’s at June 30, 2015 and 2014 are comprised of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Due from Center	<u>\$ 253,590</u>	<u>\$ 112,633</u>
Loan Receivable - Center	<u>\$ 250,000</u>	<u>\$ 250,000</u>



KESSLER ORLEAN SILVER  
CERTIFIED PUBLIC ACCOUNTANTS

1101 Lake Cook Road, Suite C  
Deerfield, Illinois 60015-5233

T 847.580.4100  
F 847.580.4199  
www.koscpa.com

## Independent Auditor's Report on Supplementary Information

To the Board of Directors  
AIDS Foundation of Chicago  
Chicago, IL

We have audited the accompanying financial statements of AIDS Foundation of Chicago as of June 30, 2015, and our report thereon dated December 11, 2015, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Grant Activity 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 relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Respectfully submitted,

**Kessler, Orlean, Silver & Company, P.C.**  
Certified Public Accountants

Deerfield, Illinois  
December 11, 2015

**AIDS Foundation of Chicago**

**Schedule of Grant Activity**

**For the Year Ended June 30, 2015**

	<u>Part A</u>	<u>Part B</u>	<u>HOPWA</u>	<u>Supportive Housing Program</u>	<u>HUD Corrections</u>
Funding Agency	Chicago Dept. of Health	Illinois Dept. of Public Health	Chicago Dept. of Health	U.S. Dept. of Housing & Urban Dev.	Illinois Dept. of Public Health
Grant Period(s)	3/1/14-2/28/15 3/1/15-2/28/16	4/1/13-3/31/14 4/1/14-3/31/15 4/1/15-3/31/16	1/1/15-12/31/15 1/1/14-12/31/14	5/1/15-4/30/16 5/1/14-4/30/15	2/1/15-1/31/18 8/1/11-8/31/14
Total Grant Award(s)	\$ 5,350,037	\$ 3,041,650	\$ 2,925,965	\$ 1,676,261	\$ 1,423,774
	<u>\$ 5,413,069</u>	<u>\$ 3,350,437</u>	<u>\$ 2,318,974</u>	<u>\$ 1,024,434</u>	<u>\$ 1,419,762</u>
		<u>\$ 3,463,401</u>			
<b>Grants Receivable:</b>					
Grants Receivable 6/30/14	\$ 5,369,443.00	\$ 3,652,967.00	\$ 2,464,292.00	\$ 1,024,434.00	\$ 72,006.00
Grant Awards	5,413,069	3,671,721	2,925,965	2,451,207	1,423,774
Grant collected or adjusted	(5,337,428)	(3,861,287)	(2,180,641)	(1,676,261)	(467,058)
<b>Grant Receivable 6/30/15</b>	<u>\$ 5,445,084</u>	<u>\$ 3,463,401</u>	<u>\$ 3,209,616</u>	<u>\$ 1,799,380</u>	<u>\$ 1,028,722</u>
<b>Unearned Grant Revenue:</b>					
Unearned Grant 6/30/14	\$ 4,605,081	\$ 3,139,987	\$ 1,323,633	\$ 859,334	\$ 15,538
Grant Awards	5,413,069	3,671,721	2,925,965	1,799,380	1,423,774
Grants Expended and Earned:					
Regrants	(4,144,547)	(2,674,989)	(1,577,350)	(1,327,579)	(416,437)
Program Administration	(931,824)	(686,769)	(495,542)	(203,511)	(43,327)
Adjustment	(19,405)	(287,982)	(70,318)	391,856	5,326
<b>Unearned Grant Revenue 6/30/15</b>	<u>\$ 4,922,374</u>	<u>\$ 3,161,968</u>	<u>\$ 2,106,388</u>	<u>\$ 1,519,480</u>	<u>\$ 984,874</u>

See accompanying notes to the financial statements.

**AIDS Foundation of Chicago**

**Schedule of Grant Activity**

**For the Year Ended June 30, 2015**

	<b>Corrections Initiative</b>	<b>Part B Collar Counties</b>	<b>HOPWA SPNS U.S. Dept. of Housing &amp; Urban Dev.</b>	<b>HOPWA IDPH Illinois Dept. of Public Health</b>	<b>HOPWA CHHP U.S. Dept. of Housing &amp; Urban Dev.</b>
Funding Agency	Illinois Dept. of Public Health	Illinois Dept. of Public Health	U.S. Dept. of Housing & Urban Dev.	Illinois Dept. of Public Health	U.S. Dept. of Housing & Urban Dev.
Grant Period(s)	7/1/14-6/30/15 7/1/13-6/30/14	4/1/15-3/31/16 4/1/14-3/31/15 4/1/13-3/31/14	2/1/13-1/31/16	1/1/14-12/31/14	8/1/14-7/31/17 2/1/12-1/31/15
Total Grant Award(s)	<u>\$ 597,000</u> <u>\$ 488,749</u>	<u>\$ 664,339</u> <u>\$ 644,072</u> <u>\$ 542,891</u>	<u>\$ 1,476,160</u>	<u>\$ 63,768</u>	<u>\$ 1,419,482</u> <u>\$ 1,384,993</u>
<b>Grants Receivable:</b>					
Grants Receivable 6/30/14	\$ 362,192	\$ 654,642	\$ 873,473	\$ 76,522	\$ 371,372
Grant Awards	597,000	757,994	-	-	1,419,482
Grant collected or adjusted	(508,406)	(743,683)	(481,284)	(63,768)	(371,372)
<b>Grant Receivable 6/30/15</b>	<u><b>\$ 450,786</b></u>	<u><b>\$ 668,953</b></u>	<u><b>\$ 392,189</b></u>	<u><b>\$ 12,754</b></u>	<u><b>\$ 1,419,482</b></u>
<b>Unearned Grant Revenue:</b>					
Unearned Grant 6/30/14	\$ 88,785	\$ 542,715	\$ 817,761	\$ 40,292	\$ 329,579
Grant Awards	597,000	757,994	-	-	1,419,482
Grants Expended and Earned:					
Regrants	(371,883)	(467,879)	(404,614)	(35,548)	(409,111)
Program Administration	(243,601)	(175,197)	(58,637)	-	(84,337)
Adjustment	100	(52,179)	-	(4,744)	(40,597)
<b>Unearned Grant Revenue 6/30/15</b>	<u><b>\$ 70,401</b></u>	<u><b>\$ 605,454</b></u>	<u><b>\$ 354,510</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,215,016</b></u>

See accompanying notes to the financial statements.

# AIDS Foundation of Chicago

## Schedule of Grant Activity

For the Year Ended June 30, 2015

	<u>HUD Medicaid</u>	<u>HUD Low Income</u>	<u>PHIMC IDPH/UIC</u>	<u>H&amp;H CDPH</u>	<u>IDHS Supportive Housing</u>
Funding Agency	U.S. Dept. of Housing & Urban Dev.	U.S. Dept. of Housing & Urban Dev.	University of Illinois @ Chicago	Chicago Department of Health	Illinois Dept. of Human Services
Grant Period(s)	12/1/13-11/30/14 12/1/11-11/30/13	9/1/14-8/31/15 9/1/13-8/31/14	1/1/14-12/31/14 1/1/13-12/31/13	1/1/13-12/31/15	7/1/14-6/30/15 7/1/13-6/30/14
Total Grant Award(s)	\$ 651,827	\$ 2,540,211	\$ 45,000	\$ 1,447,238	\$ 746,070
	<u>\$ 1,269,792</u>	<u>\$ 2,521,285</u>	<u>\$ 45,000</u>		<u>\$ 657,250</u>
<b>Grants Receivable:</b>					
Grants Receivable 6/30/14	\$ 927,742	\$ 3,302,857	\$ 68,317	\$ 963,717	\$ -
Grant Awards	-	-	-	-	746,070
Grant collected or adjusted	(927,742)	(2,394,960)	(48,906)	(617,662)	(746,070)
<b>Grant Receivable 6/30/15</b>	<u>\$ -</u>	<u>\$ 907,897</u>	<u>\$ 19,411</u>	<u>\$ 346,055</u>	<u>\$ -</u>
<b>Unearned Grant Revenue:</b>					
Unearned Grant 6/30/14	\$ 836,974	\$ 3,089,352	\$ 22,395	\$ 699,041	\$ 135,393
Grant Awards	-	-	-	-	746,070
Grants Expended and Earned:					
Regrants	-	(1,936,184)	-	(480,064)	(365,818)
Program Administration	-	(233,276)	(22,303)	11,383	(372,474)
Adjustment	(836,974)	(201,857)	(92)	-	(12,693)
<b>Unearned Grant Revenue 6/30/15</b>	<u>\$ -</u>	<u>\$ 718,035</u>	<u>\$ -</u>	<u>\$ 230,360</u>	<u>\$ 130,478</u>

See accompanying notes to the financial statements.



**AIDS Foundation of Chicago**

**Schedule of Grant Activity**

**For the Year Ended June 30, 2015**

	<u>SAMSHA Access to Wellness</u>	<u>NIDA - UIC/ARM</u>	<u>SAMHSA</u>	<u>DHHS HRSA</u>	<u>IDPH IPC</u>
Funding Agency	Dept. of Health & Human Services	University of IL @ Chicago	Dept. of Health & Human Services	Dept. of Health & Human Services	Illinois Dept. of Public Health
Grant Period(s)	11/1/13-9/30/14 11/1/12-9/30/13	7/1/14-6/30/15 7/1/13-6/30/14	10/1/13-9/30/14 10/1/12-9/30/13	9/1/14-8/31/15 9/1/13-8/31/14	9/1/14-4/15/15 7/24/13-6/30/14
Total Grant Award(s)	\$ 520,882 <u>\$ 500,000</u>	\$ 57,249 <u>\$ 57,249</u>	\$ 350,000 <u>\$ 350,000</u>	\$ 300,000 <u>\$ 300,000</u>	\$ 277,628 <u>\$ 650,000</u>
<b>Grants Receivable:</b>					
Grants Receivable 6/30/14	\$ 202,589	\$ 11,810	\$ 162,124	\$ 205,861	\$ 229,256
Grant Awards	-	57,249	-	300,000	277,628
Grant collected or adjusted	<u>(202,589)</u>	<u>(46,443)</u>	<u>(162,124)</u>	<u>(244,765)</u>	<u>(381,232)</u>
<b>Grant Receivable 6/30/15</b>	<u>\$ -</u>	<u>\$ 22,616</u>	<u>\$ -</u>	<u>\$ 261,096</u>	<u>\$ 125,652</u>
<b>Unearned Grant Revenue:</b>					
Unearned Grant 6/30/14	\$ 164,759	\$ (2,753)	\$ 130,552	\$ 198,409	\$ 30,974
Grant Awards	-	57,249	-	300,000	277,628
<b>Grants Expended and Earned:</b>					
Regrants	(69,243)	-	(38,830)	(16,880)	(121,118)
Program Administration	(95,516)	(51,566)	(80,451)	(233,066)	(177,722)
Adjustment	<u>-</u>	<u>(2,930)</u>	<u>(11,271)</u>	<u>-</u>	<u>-</u>
<b>Unearned Grant Revenue 6/30/15</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,463</u>	<u>\$ 9,762</u>

See accompanying notes to the financial statements.

**AIDS Foundation of Chicago**

**Schedule of Grant Activity**

**For the Year Ended June 30, 2015**

	<b>HHS CDC</b>	<b>IDPH Syringe Disposal</b>	<b>HHS NPPA</b>	<b>EFSP United Way</b>	<b>Total</b>
Funding Agency	Center for Disease Control	Illinois Dept. of Public Health		United Way	
Grant Period(s)	9/30/14-9/29/17		9/30/14-9/29/17	11/1/14-10/31/15 11/1/13-10/31/14	
Total Grant Award(s)	<u>\$ 311,735</u>	<u>\$ 49,991</u>	<u>\$ 1,221,100</u>	<u>\$ 19,500</u>	
				<u>\$ 15,000</u>	
<b>Grants Receivable:</b>					
Grants Receivable 6/30/14	\$ -	\$ -	\$ -	\$ 7,500	\$ 21,003,116
Grant Awards	311,735	49,991	1,221,100	19,500	21,643,485
Grant collected or adjusted	<u>(139,679)</u>	<u>(49,991)</u>	<u>(189,149)</u>	<u>(17,251)</u>	<u>(21,859,751)</u>
<b>Grant Receivable 6/30/15</b>	<u><b>\$ 172,056</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,031,951</b></u>	<u><b>\$ 9,749</b></u>	<u><b>\$ 20,786,850</b></u>
<b>Unearned Grant Revenue:</b>					
Unearned Grant 6/30/14	\$ -	\$ -	\$ -	\$ -	\$ 17,067,801
Grant Awards	311,735	49,991	1,221,100	19,500	20,991,658
Grants Expended and Earned:					
Regrants	(7,750)	(2,250)	(17,000)	-	(14,885,074)
Program Administration	(147,857)	(28,500)	(224,924)	-	(4,579,017)
Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,143,759)</u>
<b>Unearned Grant Revenue 6/30/15</b>	<u><b>\$ 156,128</b></u>	<u><b>\$ 19,241</b></u>	<u><b>\$ 979,176</b></u>	<u><b>\$ 19,500</b></u>	<u><b>\$ 17,451,608</b></u>

See accompanying notes to the financial statements.