

**PEDIATRIC AIDS CHICAGO
PREVENTION INITIATIVE**

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2012

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To the Board of Directors of
Pediatric AIDS Chicago Prevention Initiative

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Pediatric AIDS Chicago Prevention Initiative (an Illinois not-for-profit organization) as of December 31, 2012 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pediatric AIDS Chicago Prevention Initiative as of December 31, 2012 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of supporting services on page 9 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kowalkowski & Labuda

Downers Grove, Illinois

July 30, 2013

PEDIATRIC AIDS CHICAGO PREVENTION INITIATIVE

STATEMENT OF FINANCIAL POSITION

December 31, 2012

ASSETS

CURRENT ASSETS

Cash		\$ 655,717
Grants and accounts receivable		345,607
Inventory		4,579
Prepaid insurance		<u>112</u>
TOTAL CURRENT ASSETS		1,006,015

FURNITURE & EQUIPMENT

Office equipment	\$ 6,751	
Less accumulated depreciation	<u>(6,751)</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 1,006,015</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable		\$ 66,204
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NET ASSETS

Unrestricted	\$ 916,592	
Temporarily restricted	23,219	
Permanently restricted	<u>-</u>	<u>939,811</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 1,006,015</u>

PEDIATRIC AIDS CHICAGO PREVENTION INITIATIVE

STATEMENT OF ACTIVITIES

Year ended December 31, 2012

UNRESTRICTED NET ASSETS

Unrestricted revenues and gains		
Contributions	\$	103,964
Interest income		<u>429</u>
TOTAL UNRESTRICTED REVENUES AND GAINS		104,393
Net assets released from restrictions		<u>1,014,224</u>
TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT		1,118,617

Expenses

Program Services			
24/7 Hotline Project	\$	172,692	
Centers for Disease Control		12,136	
Direct Observed Therapy		6,070	
Fetal and Infant Mortality Review/HIV Project		65,171	
Healthcare Foundation of Northern Lake County		38,721	
Perinatal HIV Enhanced Case Management		620,045	
Prenatal Classes and Incentives		<u>5,048</u>	919,883
Supporting services			<u>18,582</u>
Total Expenses			<u>938,465</u>

**INCREASE IN UNRESTRICTED
NET ASSETS** 180,152

TEMPORARILY RESTRICTED NET ASSETS

Contributions			
Direct contributions		27,500	
Government grants		<u>975,503</u>	1,003,003
Net assets released from restrictions			<u>(1,014,224)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS			<u>(11,221)</u>

INCREASE IN NET ASSETS 168,931

NET ASSETS BEGINNING OF YEAR 770,880

NET ASSETS END OF YEAR \$ 939,811

See accompanying notes and independent auditor's report.

PEDIATRIC AIDS CHICAGO PREVENTION INITIATIVE

STATEMENT OF CASH FLOWS

Year ended December 31, 2012

Cash flows from (used for) operating activities

Cash received from contributions and government grants	\$ 1,061,109
Cash paid for grants to medical care, research organizations and to vendors	<u>(859,631)</u>

Net cash from operating activities 201,478

Cash flows from investing activities

Interest earnings	<u>429</u>
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Net increase in cash and cash equivalents 201,907

Cash and cash equivalents beginning of year 453,810

Cash and cash equivalents end of year \$ 655,717

Reconciliation of Change in Net Assets to Net Cash from Operating Activities

Change in Net Assets \$ 168,931

**Adjustment to reconcile change in net assets to net cash
used for operating activities**

Interest income attributable to investing activities	(429)
Cash received or expended to:	
Increase in accounts receivable	(45,858)
Decrease in prepaid expenses	121,840
Increase in inventory	(334)
Decrease in accounts payable	<u>(42,672)</u>

Net cash from operating activities \$ 201,478

See accompanying notes and independent auditor's report.

PEDIATRIC AIDS CHICAGO PREVENTION INITIATIVE

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Pediatric AIDS Chicago Prevention Initiative (the Organization) was established to help eliminate the transmission of HIV/AIDS from mother to child. The Organization has helped fund and develop HIV-specific prenatal classes, a nationally recognized safety net and prevention model, a statewide hotline for pregnant HIV-positive women and the people that support them, enhanced case management linking HIV-positive women to care and rapid testing in Illinois. The Organization is a collaborative enterprise that brings together public and private institutions and community based organizations into a coordinated continuum of primary and secondary prevention and care to achieve the elimination of pediatric AIDS in Illinois.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at a financial institution. The Organization maintains amounts on deposit at their financial institution that exceed the FDIC insurance limit. The Organization believes there is no significant risk with respect to these deposits.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

PEDIATRIC AIDS CHICAGO PREVENTION INITIATIVE

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Contributions

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

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2010, 2011 and 2012 are subject to examination by the IRS, generally three years after they were filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through July 30, 2013, the date which the financial statements were available to be issued.

PEDIATRIC AIDS CHICAGO PREVENTION INITIATIVE

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE B – RESTRICTIONS ON NET ASSETS

Temporary restrictions on net assets at December 31, 2012 are related to two donor related contributions received. Each of these restricted contributions is related to the Perinatal HIV Enhanced Case Management project and both restrictions are expected to expire and reclassified to unrestricted net assets in the following fiscal year.

NOTE C – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable represent valid claims to the organization and mainly consist of various grant obligations from the Illinois Department of Public Health. All government grants have been structured to reimburse the organization for expenditures incurred concerning various programs related to the organization's mission.

NOTE D – ACCOUNTS PAYABLE

Accounts payable represent valid claims against the organization and mainly consists of program expenses related to the Perinatal HIV Enhanced Case Management and 24/7 Hotline Projects.

SUPPLEMENTARY INFORMATION

PEDIATRIC AIDS CHICAGO PREVENTION INITIATIVE

SCHEDULE OF SUPPORTING SERVICES

Year ended December 31, 2012

Development salaries and benefits	\$ 8,091
Computer expense	755
Contributions and sponsorships	1,074
Dues and subscriptions	45
Insurance	1,234
Meetings, meals and parking	600
Office supplies and expense	3,430
Outside bookkeeping fees	2,056
Professional fees	1,242
Travel	<u>55</u>
Total supporting services	<u>\$ 18,582</u>

See accompanying notes and independent auditor's report.