

# **TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**

## **FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**Year ended December 31, 2017**



**Tucson Interfaith HIV/AIDS Network**

*Helping People with HIV to Live Well*

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## **BOARD OFFICERS AND MEMBERS**

Dan Uroff (Board President)

Jill Rich (Board Vice President)

Katie Meismer James, MPA (Board Secretary)

David Cormier, CPA (Board Treasurer)

Arlan Colton, FAICP

Fr Peter Helman, SCP

Leslie Kahn, Ph.D

Jefferson Manzano, MSW

Tom Muller, AuD

Daniel S. Orozco, LPC

Carol Schneiderman, PharmD

George Vissichelli

Nathan Wade, JD

## **STAFF**

Scott Blades (Executive Director)

Deidre Demers (Program Manager)

Maggie McCann (Operations Manager)

Christiana Owusu-Ankomah (Program Coordinator)

Dennisse Ley Volunteer Coordinator

John Bass (Poz Café Kitchen / Menu Supervisor)

## **COMMITTEES**

Finance Committee

Development Committee

Marketing Committee

Treasures for TIHAN Team

Human Resources Committee

Program Committee

Nominating Committee

Turnabout Team

# Management Discussion and Analysis

# Management Discussion and Analysis for Fiscal Year Ending December 31, 2017

## Establishment and Mission

Tucson Interfaith HIV/AIDS Network (TIHAN), a 501(c)(3) organization, was established in 1994 in response to the growing need for services and education resulting from the increase in HIV/AIDS cases within the Tucson metropolitan area. Today TIHAN is the largest privately-funded provider of support for people living with HIV/AIDS in the State of Arizona.

TIHAN's mission for the last twenty-three years has been to offer compassionate and non-judgmental service to those affected by HIV/AIDS. Volunteer-based programs include a series of Living Well with HIV classes, a monthly Poz Café lunch program, a weekly breakfast program, CarePackages, and other emotional, social, and practical support. The agency works with a coalition of nearly 50 Tucson area faith communities to promote HIV education and awareness. The agency also serves as an advocate in the community for those affected by HIV/AIDS.

In 2017, TIHAN served more people than ever. TIHAN's staff and volunteers shared updated information on the state of HIV, built support programs and resources focused on wellness and celebrating life, strengthened our infrastructure and ability to respond, and reached out to people in our community living with HIV and provided resources, advocacy, and support to help them live well.

## Governance

TIHAN is governed by a Board of Directors that meets monthly. The role of the board is to enable the organization to achieve its goals and enable the community's movement to a more caring and compassionate interfaith response to HIV/AIDS. Board duties include adopting an annual budget, reviewing and approving monthly financial statements, providing operational oversight, and holding an annual meeting. Significant policy decisions, including those involving staffing and human resource issues, are made at the Board level.

The following Committees have been established to provide guidance and support to the Board: *Development Committee, Finance Committee, Human Resources Committee, Nominating Committee, Program Committee, Marketing Committee*, and two special teams for the agency's major fundraising events, the *Treasures for TIHAN auction* and *Turnabout for TIHAN benefit show*.

## Staffing

At December 31, 2017, TIHAN's staff included four full-time and two part-time compensated positions.



## **Volunteers**

Volunteers are the heart of TIHAN. In 2017, TIHAN recruited and trained 35 new volunteers. A dedicated group of 525 volunteers donated 11,408 volunteer hours in 2017. The Independent Sector, a national nonprofit that serves the charitable community, estimates the average dollar value of a volunteer hour at \$24.69. The volunteer hours donated to TIHAN in 2017 are valued at nearly \$282,000.

## **Services Provided in 2017**

TIHAN provided the following services during FY 2017:

*Living Well with HIV* is a curriculum designed to support people in becoming more active participants in their own physical, emotional, and spiritual health and wellbeing—reached 96 people living with HIV who attended one or more of our 24 classes. 2017 saw our third graduating class of participants earning their Living Well certificate.

- Eating Well, a two-part class offered quarterly, connected people with food resources and taught nutritional essentials such as food budgeting and healthier eating. For this class, we partnered with the University of Arizona's renowned Cooperative Extension Program.
- Planning Well, a budgeting class available quarterly, taught effective goal-setting tools to manage bills, build and repair credit, reduce debt, and more. Thanks to a small grant from Our Saviour's Lutheran Church that allowed us to provide key incentives, attendance at our Planning Well classes increased by 160% over the previous year. This class was done collaboratively through a partnership with professionals from Hughes Federal Credit Union.
- Living Well, an ongoing series of classes, offered a different topic of interest each month, such as HIV disclosure, aging with HIV, learning to live with grief, advocating and navigating, and community involvement.

*CarePackages* - We distributed 1,623 CarePackages to 285 people living with HIV. TIHAN's CarePackages (grocery-sized bags of toiletries, hygiene, and cleaning products which cannot be purchased with an EBT card) made life a lot easier on those we served, the vast majority of whom live below the poverty level. CarePackages were distributed monthly at the TIHAN office, at Poz Café, and via home delivery to those in need. Primary funding and supplies for this program were provided by Target and local faith communities.

*Poz Café Lunch Program* – Our monthly lunch and social program served 196 people living with HIV, and their guests. In 2017, we served 1,680 meals, including providing our milestone 25,000th meal at Poz Café. In addition to the nutritious meals, peer support, and socialization opportunities for our CarePartners living with \*HIV, Poz Café involved 198 volunteers from 37 faith communities with opportunities to learn and serve. After spending a day receiving HIV education and experiencing a hands-on service project, volunteers returned to their faith communities to share the message of love and service to people who have too often borne the brunt of discrimination and marginalization.



*Linking People to Resources and Care* – TIHAN's Link Specialist volunteers connected 272 CarePartners with a variety of support services including home and hospital visits, weekly check-in phone calls, emotional support, transportation and shopping support, and a host of information, referral, and advocacy support. The hundreds of hours of support from TIHAN's volunteers helps keep our CarePartners sustained and engaged in medical care, increasing the likelihood that they will be able to stay adherent to life-saving anti-retroviral medications that can reduce their viral load, keep them healthier, and minimize the possibility of HIV transmission.

*CareTeam* - While the death rate from HIV has declined substantially, there are still occasions when CareTeam support is much-needed. In fact, it's a lifeline to those regaining strength or experiencing end-of-life transitions. And because HIV continues to impact people emotionally and physically, TIHAN CareTeams remain available to provide a variety of non-medical support services, providing in-home help, transportation, social support, visits, shopping, and — most importantly — compassion and love.

*Collaborations* – TIHAN collaborated with many community organizations to bring our message of hope to those living with HIV and to support HIV awareness and prevention. TIHAN participated in community events such as National Latino AIDS Awareness Day, World AIDS Day, AIDS Candlelight Memorial, Coalition for African American Health and Wellness, Wildcat Welcome LGBTQ Pizza Party, Interdenominational Ministerial Alliance's Health and Wellness Domain's "HIV/AIDS in the African American Community," UA Coming Out Resource Fair, "LGBTQ+ Caregiving Forum" sponsored by Pima Council on Aging and AARP Arizona, and more.

*Holiday Support Programs* – In collaboration with the Southern Arizona AIDS Foundation, TIHAN brightened the holidays for 37 families living with HIV/AIDS and their 56 children under the age of 18. Faith communities, groups, and individuals contributed gifts for the children and adults, along with a holiday gathering for families living with HIV to connect and find ways to establish new traditions. In addition, because isolation and depression are especially common around the holidays, the December Poz Café was a special holiday dinner for adults living with HIV. Designed to create new ways of connecting with chosen family/friends, the party included a chance to celebrate, socialize, dance, and receive a holiday gift donated by generous friends of TIHAN.

*Sharing Well* - In 2017, we initiated a new speaker's training program to support people living with HIV to better share their personal stories to dispel stigma and increase support.

*Poz Breakfast Program* - Until its closing in the fall of 2017, Mother Hubbard's Restaurant provided our CarePartners with free breakfasts and increased socialization and nutrition opportunities. We are seeking new partnerships to provide breakfasts.

*Emergency Financial Support* - TIHAN expedited connections with providers to secure emergency financial assistance to 28 people living with HIV, helping primarily with rent and utility costs. In the spirit of collaboration, we partner with Interfaith Community Services (ICS) and Temple Emanu-El for this program.

*Transportation Support* - TIHAN provided 117 rides to persons living with HIV to help them attend Poz Café, along with other rides for shopping and appointments.

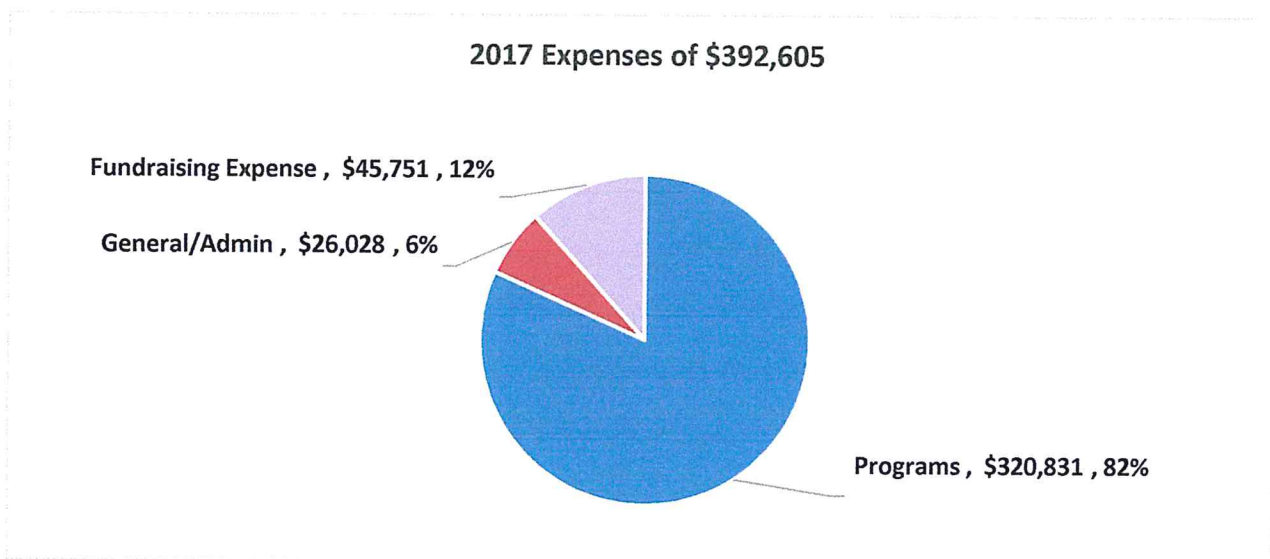
*Clergy HIV Awareness and Referral Network* - Supportive clergy from many faiths are on-call to provide pastoral counseling and support, as well as assist with memorial services for persons living with HIV, if requested.

*Faith-Based Presentations and Displays* - TIHAN reached thousands of people in faith communities, increasing HIV awareness, teaching the realities of HIV, and inviting people to become engaged in the solution. Through presentations to congregations at worship services and meetings, and by attending events with tables of information, we helped stop silence, fear, myth, and stigma, and enhance resources, advocacy, and support.

*Faith Community Liaisons* - Through quarterly meetings and regular communication, TIHAN supported faith communities as they expanded perspectives, put faith into action, and served the needs of the wider community. TIHAN worked with the appointed liaison from each participating faith community to keep us abreast of congregational happenings and to convey information about events helping the HIV community.

## **FY 2017 Financial Overview**

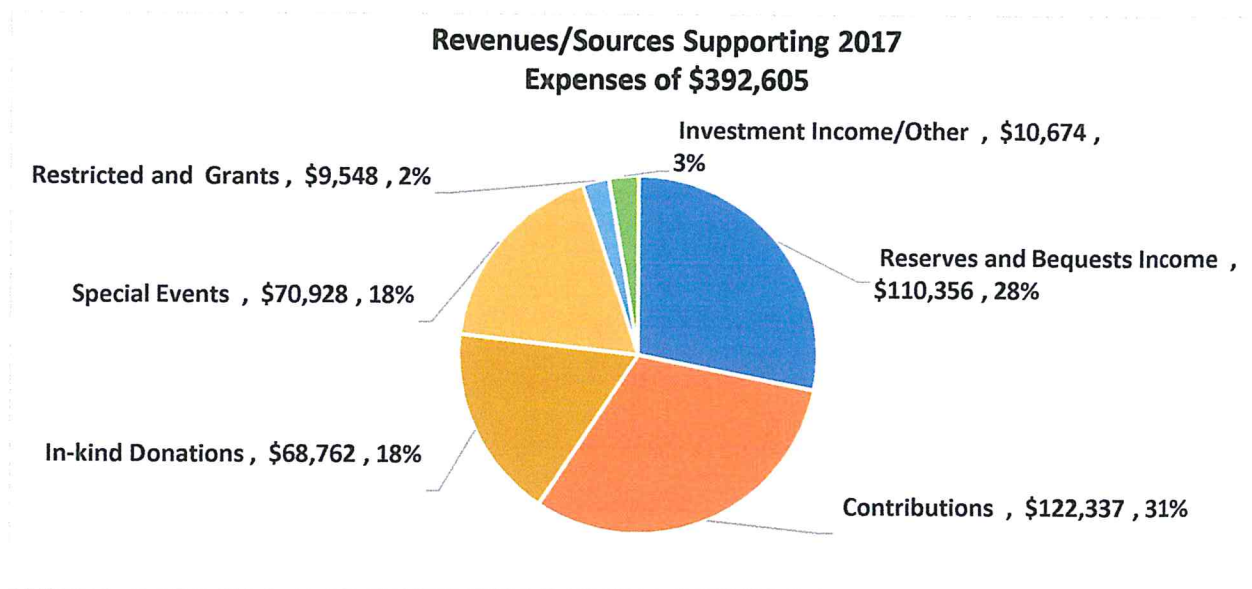
In fiscal year 2017, revenues and other sources were \$304,975 compared to expenses of \$392,605. Personnel expenses were the major cost item for TIHAN, totaling \$223,938 in 2017. Other significant expenses for 2017 were In-kind<sup>1</sup> (\$68,762) and Professional services (\$28,538). All expenses are allocated to various cost areas as shown on the following chart.



<sup>1</sup> In-kind expenses represent items donated to support services. These in-kind items are recognized as revenues and offset as expenses.



Contributions (\$122,337), Special events (\$70,928) and In-kind donations (\$68,762) were the major recurring revenues in 2017. TIHAN utilized \$87,630 in non-recurring sources (reserves) to fund its 2017 expenses.



### Fiscal Year 2017 Cash Flow Overview

On a *cash flow basis*, cash and certificates of deposit increased from \$475,214 at the beginning of the year to \$646,014 at year end.

Cash/CDs – January 1, 2017		\$475,214
Unrestricted (1)	\$ 295,539	
Temporarily restricted (2)	11,055	
Stabilization reserve	168,620	
Total	<u>\$ 475,214</u>	

#### Cash Inflows:

Revenues and temporarily restricted contributions received	304,975
Receipt of Bequest Receivable at December 31, 2016	<u>260,884</u>
	565,859

#### Cash Outflows:

Expenses/capital purchases, excluding depreciation	(389,856)
Changes in receivables/payables/other accounts	<u>(5,203)</u>
	(395,059)

Excess of Inflows Over Outflows:(4)	<u>170,800</u>
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Cash/CDs – December 31, 2017		<u>\$ 646,014</u>
Unrestricted (1)	\$ 460,864	
Temporarily restricted (2)	20,168	
Stabilization reserve (3)	164,982	
Total	<u>\$ 646,014</u>	

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1. Unrestricted reserves are funds that have no restrictions on use. Made up from bequests received and savings of the organization, these reserves are available to cover the current and future year expenses of TIHAN.
  2. Temporarily restricted reserves are donations that carry expense restrictions placed by the donor. The funds can be used only for donor specified purposes.
  3. TIHAN's Board had established a Stabilization Reserve to be adjusted annually to 45% of the adopted budget. During fiscal year 2017 the Board voted to reduce the stabilization reserve to 30% of the adopted annual budget effective January 1, 2018. A super-majority vote (2/3) of the Board is required to release any portion of these funds for Agency use.
  4. TIHAN's Board adopted a FY 2017 budget utilizing \$154,915 in reserves - - actual reduction in net assets during the year was \$87,630.
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## Looking to the Future

TIHAN is grateful for its donors, both those making contributions each year and those who make bequests to TIHAN, for their love of TIHAN's programs and services, and for the trust that they put into the organization to carry out their charitable wishes. TIHAN's Board of Directors develops a five-year financial plan focused on managing expenses and growing revenues to provide a sustainable level of services. With the continued support from our staff and our large base of volunteers, TIHAN is well positioned to continue to fulfill the mission of the organization:

- fostering awareness and education to prevent more incidents of HIV and to decrease the level of fear and stigma,
- providing care and support for those infected and affected by HIV/AIDS so that *all can live well*,
- and creating an inclusive support network for people living with HIV, bringing together religious, secular, corporate and non-profit organizations to be part of the solution.



# Financial Statements



**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**

**ASSETS**

Cash and cash equivalents:		
Unrestricted	\$	75,706
Temporarily restricted		<u>20,168</u>
		95,874
Certificates of deposit held at banks		550,140
Pledges and donations receivable		17,445
Bequests receivable - Note 6		-
Prepaid expenses and other assets		6,680
Property and equipment, net - Note 4		<u>19,107</u>
	\$	<u><u>689,246</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$	1,706
Accrued expenses		<u>10,202</u>
		11,908
Net assets:		
Without donor restrictions:		
Available for operations		466,071
Board designated stabilization reserve - Note 3		164,982
Expended for property and equipment		<u>19,107</u>
		650,160
With donor restrictions - Note 5		<u>27,178</u>
		<u>677,338</u>
	\$	<u><u>689,246</u></u>

See Accompanying Notes.

**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year ended December 31, 2017**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public support and revenues:			
Contributions	\$ 102,907	\$ 19,430	\$ 122,337
Bequests and trusts - Note 6	30,485	-	30,485
Grants (non-governmental)	1,789	-	1,789
Special events, net of direct			-
donor benefit of \$29,300	70,928	-	70,928
In-kind donations - Note 7	68,762	-	68,762
Interest income	1,837	-	1,837
Other	8,837	-	8,837
	<u>285,545</u>	<u>19,430</u>	<u>304,975</u>
Net assets released from restrictions	7,759	(7,759)	-
Total public support and revenues	<u>293,304</u>	<u>11,671</u>	<u>304,975</u>
Expenses:			
Program services	320,826	-	320,826
General and administrative	26,028	-	26,028
Fundraising	45,751	-	45,751
Total expenses	<u>392,605</u>	<u>-</u>	<u>392,605</u>
Change in net assets	(99,301)	11,671	(87,630)
Net assets, beginning of year	<u>749,461</u>	<u>15,507</u>	<u>764,968</u>
Net assets, end of year	<u>650,160</u>	\$ <u>27,178</u>	\$ <u>677,338</u>

See Accompanying Notes.

**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2017

	Program services		General and Administrative	Fundraising	Cost of goods sold	Total
	Care and support	AIDS education and training				
Salaries and wages	\$ 108,145	\$ 52,427	\$ 17,095	\$ 20,098	\$ -	\$ 197,765
Payroll taxes	8,848	4,309	1,419	1,383	-	15,959
Employee benefits	7,286	1,857	214	857	-	10,214
	<u>124,279</u>	<u>58,593</u>	<u>18,728</u>	<u>22,338</u>	<u>-</u>	<u>223,938</u>
Advertising/marketing	2,161	1,028	334	543	-	4,066
Bank and merchant fees	1,144	557	183	1,025	-	2,909
Conferences	210	102	34	33	-	379
Depreciation	1,929	939	309	302	-	3,479
Direct donor benefit - Note 8			-	-	29,300	29,300
Dues - other organizations	147	72	24	23	-	266
Food and beverage	748	364	120	117	-	1,349
In-kind expense - Note 7	55,465	8,367	679	4,251	-	68,762
Liability insurance	1,806	879	290	282	-	3,257
Occupancy costs	8,176	3,288	1,082	1,055	-	13,601
Other	5,897	243	76	1,940	-	8,156
Postage and shipping	4,159	1,211	394	429	-	6,193
Printing and copy costs	3,924	1,788	515	536	-	6,763
Professional services	10,465	5,072	1,671	11,328	-	28,531
Repairs and maintenance	765	372	123	120	-	1,380
Software	1,497	729	240	234	-	2,700
Supplies and equipment	5,225	1,477	486	474	-	7,662
Telephone	1,484	729	238	232	-	2,683
Transportation	520	-	-	-	-	520
Utilities	2,288	1,114	367	358	-	4,127
Volunteer and donor	1,074	544	135	131	-	1,884
Total functional expenses	<u>109,084</u>	<u>28,875</u>	<u>7,300</u>	<u>23,413</u>	<u>29,300</u>	<u>197,967</u>
Less: Direct donor benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,300)</u>	<u>(29,300)</u>
	<u>\$ 233,363</u>	<u>\$ 87,468</u>	<u>\$ 26,028</u>	<u>\$ 45,751</u>	<u>\$ -</u>	<u>\$ 392,605</u>

See Accompanying Notes.



**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2017**

Cash flows from operating activities:	
Change in net assets	\$ (87,630)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,479
Donated stock	(1,065)
Proceeds from sale of donated stock	1,069
(Increase) decrease in operating assets:	
Pledges/donations receivable	(2,078)
Bequests receivable	260,884
Prepaid expenses and other assets	(139)
Increase (decrease) in operating liabilities:	
Accounts payable	(3,292)
Accrued expenses	28
Net cash (used in) operating activities	<u>171,256</u>
Cash flows from investing activities:	
Maturities of certificates of deposit net of reinvested dividends and purchases	(122,845)
Interest earnings	1,837
Purchases of equipment	(730)
Net cash provided by investing activities	<u>(121,738)</u>
Net change in cash and cash equivalents	49,518
Cash and cash equivalents, beginning of year	<u>46,356</u>
Cash and cash equivalents, end of year	<u><u>\$ 95,874</u></u>

Supplemental cash flows information

No cash paid for interest or income taxes in 2017

See Accompanying Notes.

## Notes to the Financial Statements

**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
December 31, 2017

**NOTE 1 – Organization and purpose**

Tucson Interfaith HIV/AIDS Network, Inc. (TIHAN) is a nonprofit charitable organization incorporated in the State of Arizona. TIHAN's mission is to provide compassionate and non-judgmental service to those affected by HIV/AIDS, helping people with HIV to live well. Contributions and fundraising events are the major sources of recurring revenue. TIHAN has the following programs:

*Care and support programs:* TIHAN offers a variety of programs offering care and support to persons living with HIV/AIDS. These volunteer-based programs include a Living Well with HIV series of classes, Poz Café lunch program, a weekly breakfast program, care packages, home and hospital visits, Link Specialist support (information, referral and advocacy), and CareTeam support. All these programs are offered free of charge and are designed to provide emotional, social and practical support for those living with HIV/AIDS.

*AIDS education and training:* TIHAN is committed to creating a more informed and caring community by offering a number of education and awareness programs to increase awareness and knowledge about HIV and its impact upon individuals, families, the community, and the world. Additionally, TIHAN provides extensive training for its volunteers who serve in a variety of capacities.

**NOTE 2 – Summary of significant accounting policies**

*Cash and cash equivalents*

TIHAN considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

*Certificates of deposit held at banks*

Certificates of deposits held at December 31, 2017 bear interest at less than 1% and have maturities ranging from 90 days to one year, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

*Pledges/Donations receivable*

Receivables are stated at the amount the Board of Directors (Board) expects to collect from outstanding balances. All receivables are due within one year. The Board believes that all receivables are collectible and, accordingly, has recorded no allowance for uncollectible amounts. These amounts contain no collateral provisions for collection.

*Property and equipment*

Purchased property and equipment is carried at cost. Donated property and equipment are carried at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, beginning on January 1<sup>st</sup> of the year after purchase. TIHAN capitalizes purchases for property and equipment in excess of \$500 with a useful life of more than one year.

TIHAN reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.



**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
December 31, 2017

TIHAN has determined that there were no indicators of asset impairment during the year ended December 31, 2017.

*Net assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions** – Net assets available for use in general operations and not subject to donor restrictions. At its May 2014 meeting, the Board voted to establish a stabilization reserve at 45% of TIHAN's adopted annual budget. During fiscal year 2017 the Board voted to reduce the stabilization reserve to 30% of the adopted annual budget effective January 1, 2018. The reserve amount is adjusted each year as part of the Board's budget adoption process.

**Net assets with donor restrictions** – Net assets subject to donor (or certain grantor) imposed restrictions. All donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. TIHAN does not have net assets whereby donor-imposed restrictions are perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

*Revenue and revenue recognition*

Revenue is recognized when earned. Payments received under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities, an unconditional pledge or other assets are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Donated auction items (included in special events revenue) are recorded when the underlying asset is sold.

*Donated materials and services*

Donated materials are valued at their estimated fair market value when received. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although TIHAN uses the services of volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

*Advertising/marketing*

Advertising and marketing costs are expensed as incurred and totaled \$4,066 for the year ended December 31, 2017.

**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
December 31, 2017

*Functional expense allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Use of estimates*

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

*Income tax status*

TIHAN is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to TIHAN's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, TIHAN qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Board considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if the Board believes it is more likely than not for a change to occur, including changes to the organization's status as a not-for-profit entity. The Board believes that TIHAN met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore, no provision for income taxes has been provided in these financial statements. Accordingly, TIHAN has not filed an *Exempt Organization Business Income Tax Return* (Form 990-T) with the Internal Revenue Service (IRS) for the year ended December 31, 2017. TIHAN's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the IRS for three years after the date the return was filed.

*Financial instruments and credit risk*

TIHAN manages deposit concentration risk by placing cash and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may temporarily exceed insured limits. To date, TIHAN has not experienced losses in any of these accounts. TIHAN has adopted and implemented a policy to utilize the Certificate of Deposit Account Registry Service (CDARS) program to have all deposits covered by FDIC insurance. As of December 31, 2017, there were no uninsured cash and cash equivalents.

Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of TIHAN's mission; however, there is a potential credit risk and accounting loss that could occur if all parties to the receivables fail to perform their obligations for the stated amounts.

*Change in accounting principle*

In August 2016, The Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 948), which will change how not-for-profit organizations will report and present certain items in their financial statements. Although the new guidance must take effect for the year ending December



**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
December 31, 2017

31, 2018, TIHAN elected to implement this new guidance for the year ended December 31, 2016. There was no cumulative effect adjustment to beginning net assets as a result of this change.

The significant changes are:

- Simplification of net asset presentation – net assets are now presented in two classes, “Net assets with donor restrictions,” and “Net assets without donor restrictions.”
- All not-for-profit organizations are required to present expenses in their natural classification (advertising, payroll, rent, etc.) and by function (program, general and administrative and fund raising).
- Enhanced disclosures are required related to presenting liquidity information and simplification of existing disclosure requirements related to investment returns and long-lived assets purchased with donor-restricted funds.

**NOTE 3 – Liquidity and availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following:

Cash and cash equivalents	\$ 95,874
Certificates of deposit held at bank	550,140
Pledges/donations receivable	17,445
	<u>\$ 663,459</u>

As part of their liquidity management plan, TIHAN invests cash in excess of daily requirements in short-term certificates of deposit. Annually, the Board designates a portion of any operating surplus to its stabilization reserve, which was \$164,982 at December 31, 2017.

**NOTE 4 – Property and equipment**

A summary of property and equipment at December 31, 2017 is as follows:

Furniture, fixtures and equipment	\$ 45,104
Software	15,060
	<u>60,164</u>
Less accumulated depreciation	<u>(41,057)</u>
	<u>\$ 19,107</u>



**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
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December 31, 2017

**NOTE 5 – Net assets with donor restrictions**

Net assets with donor restrictions are restricted for future periods or purposes. Activity in these funds was as follows for the year ended December 31, 2017:

	Beginning balance	Additions	Releases	Ending balance
Specified purpose				
Care packages	\$ 1,575	\$ 2,000	\$ 2,194	\$ 1,381
Food programs	329	920	194	1,055
Staff	5,031	-	-	5,031
Other programs	400	-	400	-
	7,335	2,920	2,788	7,467
Passage of time - future operations	8,172	16,510	4,971	19,711
	\$ 15,507	\$ 19,430	\$ 7,759	\$ 27,178

**NOTE 6 – Bequests and trusts**

TIHAN received bequests and trusts in the amount of \$30,485 during the year ended December 31, 2017. All amounts received during the year were unrestricted as to use purpose and will be used to support general TIHAN operations.

**NOTE 7 – In-kind revenue**

In-kind revenue and expenses were \$68,762 for the year ending December 31, 2018.

**NOTE 8 – Direct donor benefit**

Direct donor benefit costs in the amount of \$29,300 are the actual costs of the items and services furnished to attendees of special fundraising events as inducements to attend the event (i.e., dinner, venue, decorations, meals and refreshments). These costs are deducted from special event revenue on the accompanying statement of activities.

**NOTE 9 – Lease commitments**

TIHAN has a lease agreement for office space ending December 31, 2018. Under the terms of this lease, monthly rental expense is \$988, plus applicable taxes. Facilities lease expense for the year ended December 31, 2017 was \$12,150. Minimum annual payments for the final year, excluding taxes, will be \$12,178.

TIHAN has a lease contract for a copier ending July 10, 2020 (monthly payments are \$145 or \$1,740 annually) and a contract for a postage meter ending July 30, 2018 (monthly payments are \$27 or \$324 annually).

**TUCSON INTERFAITH HIV/AIDS NETWORK, INC.**  
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**NOTE 10 – Subsequent events**

Subsequent events have been evaluated through August 31, 2018, which is the date the financial statements were available to be issued.