

**DESIGN INDUSTRIES FOUNDATION  
FIGHTING AIDS, INC.  
CONSOLIDATED  
FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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SATTY, LEVINE & CIACCO, CPAs, P.C.

*Certified Public Accountants & Business Advisors*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Design Industries Foundation Fighting AIDS, Inc.

We have audited the accompanying consolidated financial statements of Design Industries Foundation Fighting AIDS, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the Chicago Chapter of Design Industries Foundation Fighting AIDS, Inc., which statements reflect total assets of \$1,498,316 and \$1,345,898 as of June 30, 2017 and 2016 respectively, and total revenue of \$500,687 and \$321,863 respectively, for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chicago Chapter, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Design Industries Foundation Fighting AIDS, Inc. as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Satty, Levine & Ciacco CPAs PC*

Satty, Levine & Ciacco, CPAs, P.C.

Jericho, New York

January 29, 2018

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,757,884	\$ 1,550,516
Investments	1,124,743	1,000,309
Accounts receivable	154,897	171,104
Prepaid expenses and other assets	52,986	37,812
Beneficial interest held by others	341,071	313,547
Property and equipment, net	<u>27,758</u>	<u>30,295</u>
TOTAL ASSETS	<u>\$ 3,459,339</u>	<u>\$ 3,103,583</u>
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 62,219	\$ 76,296
Grants payable	851,500	815,000
Deferred income	8,150	7,647
Line of credit	<u>9,044</u>	<u>9,357</u>
TOTAL LIABILITIES	<u>930,913</u>	<u>908,300</u>
<b>NET ASSETS:</b>		
Unrestricted net assets:		
Undesignated	1,022,906	833,146
Board-designated	<u>1,505,520</u>	<u>1,362,137</u>
TOTAL NET ASSETS	<u>2,528,426</u>	<u>2,195,283</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,459,339</u>	<u>\$ 3,103,583</u>

See independent auditors' report and notes to consolidated financial statements.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES AND OTHER SUPPORT:</b>		
Special events and sponsorships	\$ 3,656,358	\$ 3,712,483
Less: Direct donor benefits and other direct expenses	<u>(2,160,253)</u>	<u>(1,991,600)</u>
Special events and sponsorships, net	1,496,105	1,720,883
Contributions	768,136	312,048
Merchandise sales, net of costs of \$5,677 and \$5,446, respectively	(4,332)	1,956
Royalty income	170,455	218,244
Realized and unrealized gain (loss) on investments	109,261	(59,374)
Interest and dividend income	42,689	39,784
Other income	<u>6,080</u>	<u>20,137</u>
 TOTAL REVENUES AND OTHER SUPPORT	 <u>2,588,394</u>	 <u>2,253,678</u>
<b>EXPENSES:</b>		
Program services	1,737,278	1,764,025
Management and general	293,399	300,555
Fundraising	<u>224,574</u>	<u>219,229</u>
 TOTAL EXPENSES	 <u>2,255,251</u>	 <u>2,283,809</u>
 CHANGE IN NET ASSETS	 333,143	 (30,131)
<b>UNRESTRICTED NET ASSETS:</b>		
Beginning of year	<u>2,195,283</u>	<u>2,225,414</u>
 End of year	 <u>\$ 2,528,426</u>	 <u>\$ 2,195,283</u>

See independent auditors' report and notes to consolidated financial statements.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017**

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL EXPENSES
	Grants	Training and Education	Total	Management and General	Fundraising	Total	
<b>EXPENSES:</b>							
Grants	\$ 1,063,176	\$ -	\$ 1,063,176	\$ -	\$ -	\$ -	\$ 1,063,176
Salaries, payroll taxes and related benefits	110,331	269,809	380,140	165,456	126,642	292,098	672,238
Occupancy and related expenses	11,238	27,481	38,719	16,852	12,899	29,751	68,470
Repairs and maintenance	435	1,064	1,499	652	499	1,151	2,650
Telephone	4,405	10,771	15,176	6,605	5,056	11,661	26,837
Office	10,659	26,067	36,726	15,985	12,235	28,220	64,946
Insurance	3,754	9,180	12,934	5,629	4,309	9,938	22,872
Travel and entertainment	3,713	9,079	12,792	5,567	4,261	9,828	22,620
Professional fees	29,206	71,423	100,629	43,799	33,524	77,323	177,952
Board and volunteers	2,189	5,353	7,542	3,282	2,513	5,795	13,337
Advertising and promotion	12	29	41	17	14	31	72
Equipment rental	3,540	8,657	12,197	5,309	4,063	9,372	21,569
Interest	146	356	502	218	167	385	887
Other	15,199	37,168	52,367	22,793	17,446	40,239	92,606
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,258,003	476,437	1,734,440	292,164	223,628	515,792	2,250,232
Depreciation and amortization	824	2,014	2,838	1,235	946	2,181	5,019
<b>TOTAL EXPENSES</b>	<b>\$ 1,258,827</b>	<b>\$ 478,451</b>	<b>\$ 1,737,278</b>	<b>\$ 293,399</b>	<b>\$ 224,574</b>	<b>\$ 517,973</b>	<b>\$ 2,255,251</b>

See independent auditors' report and notes to consolidated financial statements.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016**

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL EXPENSES
	Grants	Training and Education	Total	Management and General	Fundraising	Total	
<b>EXPENSES:</b>							
Grants	\$ 1,108,270	\$ -	\$ 1,108,270	\$ -	\$ -	\$ -	\$ 1,108,270
Salaries, payroll taxes and related benefits	98,834	240,711	339,545	155,626	113,515	269,141	608,686
Occupancy and related expenses	10,054	24,488	34,542	15,832	11,548	27,380	61,922
Repairs and maintenance	1,084	2,640	3,724	1,706	1,245	2,951	6,675
Telephone	4,340	10,569	14,909	6,833	4,984	11,817	26,726
Office	12,490	30,419	42,909	19,667	14,345	34,012	76,921
Insurance	4,060	9,889	13,949	6,394	4,664	11,058	25,007
Travel and entertainment	4,376	10,658	15,034	6,892	5,026	11,918	26,952
Professional fees	36,619	89,186	125,805	57,662	42,058	99,720	225,525
Board and volunteers	2,470	6,016	8,486	3,889	2,837	6,726	15,212
Advertising and promotion	31	76	107	48	36	84	191
Equipment rental	1,604	3,906	5,510	2,525	1,842	4,367	9,877
Interest	271	659	930	426	311	737	1,667
Other	13,931	33,928	47,859	21,935	16,000	37,935	85,794
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,298,434	463,145	1,761,579	299,435	218,411	517,846	2,279,425
Depreciation and amortization	712	1,734	2,446	1,120	818	1,938	4,384
<b>TOTAL EXPENSES</b>	<b>\$ 1,299,146</b>	<b>\$ 464,879</b>	<b>\$ 1,764,025</b>	<b>\$ 300,555</b>	<b>\$ 219,229</b>	<b>\$ 519,784</b>	<b>\$ 2,283,809</b>

See independent auditors' report and notes to consolidated financial statements.



**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 333,143	\$ (30,131)
<b>Adjustments to reconcile change in net assets to net cash from operating activities:</b>		
Depreciation and amortization	5,019	4,384
Net unrealized and realized (gains) losses on investment	(97,256)	37,644
<b>(Increase) decrease in:</b>		
Accounts receivable	16,207	(28,553)
Prepaid expenses and other assets	(15,174)	(16,901)
Beneficial interest held by others	(27,524)	11,565
<b>Increase (decrease) in:</b>		
Accounts payable and accrued expenses	(14,077)	(615)
Grants payable	36,500	220,000
Deferred income	503	2,927
<b>TOTAL ADJUSTMENTS</b>	<u>(95,802)</u>	<u>230,451</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>237,341</u>	<u>200,320</u>
<b>CASH FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(2,482)	(3,195)
Purchase of investments, net	(27,178)	(25,854)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(29,660)</u>	<u>(29,049)</u>
<b>CASH FROM FINANCING ACTIVITIES:</b>		
Line of credit, net	(313)	(943)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>(313)</u>	<u>(943)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	207,368	170,328
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	1,550,516	1,380,188
End of year	<u>\$ 1,757,884</u>	<u>\$ 1,550,516</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid during the year for interest	<u>\$ 887</u>	<u>\$ 1,667</u>

See independent auditors' report and notes to consolidated financial statements.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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**NOTE 1. ORGANIZATION AND BASIS OF ACCOUNTING AND PRESENTATION**

**A. ORGANIZATION**

Design Industries Foundation Fighting AIDS, Inc. (“DIFFA”) or (the “Organization”) is a not-for-profit corporation formed to raise funds and award grants to community-based organizations that provide direct services to people with the HIV virus or AIDS illness, foster awareness through education and outreach programs, and promote public policy and advocacy initiatives. Design Industries Foundation Fighting AIDS, Inc. also supports community-based clinical trials and provides grant-making counseling and management services to corporations and others wishing to support HIV/AIDS-related projects or organizations.

Design Industries Foundation Fighting AIDS, Inc. has five affiliated chapters and one community partner throughout the United States. The five affiliated chapters are Dallas, Seattle, Chicago, Kansas City and San Francisco. The chapter in Chicago is a separately incorporated entity. The community partner is located in Las Vegas, NV. The accompanying consolidated financial statements include operations of Design Industries Foundation Fighting AIDS, Inc. and all affiliated chapters but not the community partner.

All inter-affiliated transactions have been eliminated in consolidation.

**B. BASIS OF ACCOUNTING**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**C. BASIS OF PRESENTATION**

The accompanying consolidated financial statements reflect the accounts and activities of Design Industries Foundation Fighting AIDS, Inc. affiliates and chapters. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board authoritative guidance on *Financial Statements of Not-for-Profit Organizations*. Under this guidance, Design Industries Foundation Fighting AIDS, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. CASH AND CASH EQUIVALENTS**

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

**B. ACCOUNTS RECEIVABLE**

Receivables are due to be collected within the next year and primarily relate to sponsorship and event revenue for fundraising events already held.

See independent auditors’ report.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. INVESTMENTS**

All investments are reflected on the books at market value. Income from temporarily or permanently restricted assets is recorded as unrestricted investment income if the restrictions are met in the same period. Donated securities and/or property are recorded at market value at the date of the donation.

**D. DEPRECIATION AND AMORTIZATION METHODS**

Depreciation of furniture and equipment is being provided for by the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is being provided for by the straight-line method over the term of the lease.

**E. GRANTS**

Grants are recorded as expenses when they are approved by Design Industries Foundation Fighting AIDS, Inc.'s board of trustees and the grantees are notified. Grants payable represent amounts committed but not yet disbursed at year-end.

**F. CONTRIBUTIONS**

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board authoritative guidance on *Accounting for Contributions Received and Contributions Made*. In accordance with this guidance, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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. All restricted contributions where the restrictions are met in the same period as received are reported as unrestricted contributions.

**G. CONTRIBUTED SERVICES**

Contributed services are recognized as contributions in accordance with the Financial Accounting Standards Board authoritative guidance on *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by Design Industries Foundation Fighting AIDS, Inc.

For the years ended June 30, 2017 and 2016, Design Industries Foundation Fighting AIDS, Inc. received materials, supplies, rent and other support in the amount of approximately \$590,788 and \$596,444, respectively. Such contributed services are recorded as direct support at their estimated fair values at the date of receipt with a corresponding charge to expense.

See independent auditors' report.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. FUNCTIONAL EXPENSE ALLOCATION:**

Costs incurred in providing the various programs and supporting services are summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, these costs have been allocated among the programs and supporting services benefited.

**I. USE OF ESTIMATES:**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

**J. INCOME TAXES:**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law. Contributions to it are tax deductible within the limitations prescribed by the code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2017, 2016, 2015 and 2014 are subject to examination by the IRS, generally for 3 years after they were filed. The Organization has concluded that there are no material uncertain tax liabilities to be recognized at this time.

**K. ADVERTISING**

Advertising costs are expensed as incurred.

**L. RECLASSIFICATIONS**

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

**NOTE 3. INVESTMENTS**

Investments are reported at fair value in accordance with authoritative guidance issued by the Financial Accounting Standards Board on *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Fair value is determined by using quoted market prices, where available. When quoted market prices are not available, the present value of estimated or expected future cash flows or another reasonable method is used.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 3. INVESTMENTS (Continued)**

Investments as of June 30, 2017 and 2016 are summarized as follows:

	<b>Fair Value</b>	
	<b>2017</b>	<b>2016</b>
Money market fund	\$ 18,828	\$ 10,300
Equity fund	811,482	613,446
Fixed income fund	294,433	376,563
TOTAL	<u>\$ 1,124,743</u>	<u>\$ 1,000,309</u>

Investment income for the year ended June 30, 2017 and 2016 consisted of the following:

	<b>2017</b>	<b>2016</b>
Interest and dividends income	34,984	33,291
Realized and unrealized gains (losses), net	97,256	(37,644)
TOTAL	<u>\$ 132,240</u>	<u>\$ (4,353)</u>

**NOTE 4. FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 measurements consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority, and unobservable inputs (Level 3 measurements) have the lowest priority. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

**Level 1:** Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active.
- Observable inputs other than quoted prices that are used in the valuation of the asset or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals).
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Unobservable inputs for the asset or liability (i.e., supported by little or no market activity) and significant to the fair value measurement.

See independent auditors' report.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4. FAIR VALUE MEASUREMENTS (Continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

*Money market funds:* Valued at amortized cost which approximates fair value.

*Equity funds:* Valued at the net asset value (NAV) of shares held by the Organization at year end.

*Bonds:* Valued at the net asset value (NAV) of shares held by the Organization at year end.

*Benefits interest held by others:* Valued at the net asset value (NAV) of shares held by the Organization at year end.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Design Industries Foundation Fighting Aids, Inc. believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017 and 2016:

June 30, 2017	Assets at Fair Value as of June 30, 2017			
		(Level 1)	(Level 2)	(Level 3)
Money market fund	\$ 18,828	\$ 18,828	\$ -	\$ -
Mutual funds:				
Index funds	319,267	319,267	-	-
Small company growth	72,963	72,963	-	-
Large value	31,098	31,098	-	-
International	93,786	93,786	-	-
Growth fund	217,631	217,631	-	-
Bond Fund	76,737	76,737	-	-
	811,482	811,482	-	-
Bonds:				
Corporate bonds	195,767	-	195,767	-
U.S. Treasury bonds	98,666	-	98,666	-
	294,433	-	294,433	-
	1,124,743	830,310	294,433	-
Beneficial interest held by others	341,071	-	-	341,071
<b>TOTAL</b>	<b>\$ 1,465,814</b>	<b>\$ 830,310</b>	<b>\$ 294,433</b>	<b>\$ 341,071</b>

See independent auditors' report.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4. FAIR VALUE MEASUREMENTS (Continued)**

June 30, 2016	Assets at Fair Value as of June 30, 2016			
		(Level 1)	(Level 2)	(Level 3)
Money market fund	\$ 10,300	\$ 10,300	\$ -	\$ -
Mutual funds:				
Index funds	274,103	274,103	-	-
Small company growth	57,734	57,734	-	-
Large value	28,613	28,613	-	-
International	76,189	76,189	-	-
Growth fund	176,807	176,807	-	-
	613,446	613,446	-	-
Bonds:				
Corporate bonds	213,135	-	213,135	-
U.S. Treasury bonds	163,428	-	163,428	-
	376,563	-	376,563	-
	1,000,309	623,746	376,563	-
Beneficial interest held by others	313,547	-	-	313,547
<b>TOTAL</b>	<b>\$ 1,313,856</b>	<b>\$ 623,746</b>	<b>\$ 376,563</b>	<b>\$ 313,547</b>

**NOTE 5. BENEFICIAL INTEREST HELD BY OTHERS**

In the statement of financial position at June 30, 2017 and 2016, the aggregate transfers to a recipient organization for which the organization is specified as the beneficiary amounted to \$341,071 and \$313,547 respectively, recorded as a beneficial interest in assets held by others. The recipient organization is the Dallas Foundation. Variance power was granted to the recipient organization. Interest and dividends will be distributed to the organization based on the spending policy adopted by the board of directors. The beneficial interest in assets held by others are valued using Level 3 measurements, as the Organization's interest is not redeemable in the near term.

The financial activities for the year ended June 30, 2017 and 2016 consisted of the following:

	Assets at Fair Value as of June 30, (Level 3)	
	2017	2016
Beginning balance	\$ 313,547	\$ 325,112
Change in value in beneficial interest	27,524	(11,565)
Ending balance	<u>\$ 341,071</u>	<u>\$ 313,547</u>

The change in value in beneficial interest is included in the unrealized gain (loss) on investments in the statement of activities.

See independent auditors' report.

**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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**NOTE 6. PROPERTY AND EQUIPMENT**

Property and equipment, at cost or fair value at the date of donation, consists of the following:

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Life</u>
Furniture, fixtures and equipment	\$ 202,381	\$ 202,422	5 to 7 years
Leasehold improvements	83,794	83,794	Term of lease
Property and equipment	<u>286,175</u>	<u>286,216</u>	
Less: Accumulated depreciation	<u>(258,417)</u>	<u>(255,921)</u>	
Property and equipment (net)	<u><u>\$ 27,758</u></u>	<u><u>\$ 30,295</u></u>	

**NOTE 7. REVOLVING LINE OF CREDIT**

The Organization entered into an agreement with J.P. Morgan Chase to provide aggregated borrowings of up to \$150,000 under a revolving line of credit facility. The facility bears interest ranging from 5.00% to 7.00%. At June 30, 2017 and 2016, the outstanding amount under this facility was \$9,044 and \$9,357, respectively.

**NOTE 8. BOARD-DESIGNATED NET ASSETS**

The board-designated net assets represent funds set aside by the board of directors as endowment funds. The board has the authority to use these funds at its discretion. The funds set aside are to support the Legacy of Love and Excellence in Care Grants program.

**NOTE 9. COMMITMENTS**

The Organization has entered into a contractual agreement with Glatz Management Services, Inc. ("GMS") to provide on-site general office support services and management through December 31, 2017. Total payments to GMS for the years ended June 30, 2017 and 2016 were \$71,250 and \$68,940, respectively. Management fees are based on a monthly base amount plus any additional fee incurred for temporary staff during events. Future estimated minimum payments consist of the following for the year ended June 30, 2018 are \$35,700.

**NOTE 10. OPERATING LEASE**

The Organization is obligated under an operating lease for its New York facility. The lease expires in 2020.

Future minimum lease payments under this operating lease are as follows:

<u>June 30,</u>	
2018	\$ 50,626
2019	53,157
2020	<u>46,128</u>
	<u><u>\$ 149,911</u></u>

See independent auditors' report.



**DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

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**NOTE 11. CONCENTRATION OF CREDIT RISK**

The Organization maintains all of its cash and cash equivalents and investments in high credit quality financial institutions. Accounts at the institutions are insured by the Federal Depository Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC"). The FDIC insured limit for the years ended June 30, 2017 and 2016 was \$250,000. The SIPC insured limit for the years ended June 30, 2017 and 2016 was \$500,000. As of June 30, 2017 and 2016, the Organization held assets that were in excess of the insured limits.

The Organization's receivables and revenues primarily relate to sponsorship and event revenue for fundraising events already held in major cities.

**NOTE 12. SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions that occurred through January 29, 2018, which is the date the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements.



To The Board of Directors  
DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS/CHICAGO, INC.  
Chicago, Illinois

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS/CHICAGO, INC.** (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities 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 whether the financial statements are free of material misstatement.

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

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



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS/CHICAGO, INC.** as of June 30, 2017, 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.

## Report on Summarized Comparative Information

We have previously audited the **DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS/CHICAGO, INC.** 2016 financial statements, and our report dated October 14, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matter - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of management and general expenses on page 12 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

*Sassetti LLC*

Oak Park, Illinois  
November 7, 2017



To The Board of Directors  
DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS/CHICAGO, INC.  
Chicago, Illinois

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS/CHICAGO, INC.** (a nonprofit organization) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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 whether the financial statements are free of material misstatement.

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

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



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS/CHICAGO, INC.** as of June 30, 2016, 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.

## Report on Summarized Comparative Information

We have previously audited the **DESIGN INDUSTRIES FOUNDATION FIGHTING AIDS/CHICAGO, INC.** 2015 financial statements, and our report dated October 14, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matter - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of management and general expenses on page 11 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

A handwritten signature in black ink that reads "Sassetti LLC". The signature is written in a cursive, flowing style.

Oak Park, Illinois  
October 14, 2016