

AIDS UNITED
(A Non-Profit Corporation)

FINANCIAL REPORT AND COMPLIANCE REPORT
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

AIDS UNITED
(A Non-Profit Corporation)

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PARTNERS
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
AIDS United

Report on the Financial Statements

We have audited the accompanying financial statements of AIDS United (AU), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditors' 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS United as of December 31, 2020 and 2019, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2022 on our consideration of AIDS United's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AIDS United 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AIDS United 's internal control over financial reporting and compliance.

BAS PARTNERS LLC

Pembroke Pines, FL

December 10, 2022

AIDS UNITED
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 9,068,768	\$ 4,496,926
Investments	3,973,710	3,785,536
Promise to give	3,103,500	8,727,000
Accounts receivable	590,291	28,011
Grants receivable	1,709,599	2,889,481
Prepaid expenses	95,622	121,568
Property and equipment, net	397,897	454,296
	<u>\$ 18,939,387</u>	<u>\$ 20,502,818</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,551,883	\$ 1,090,186
Other liabilities and deposits	2,389,917	131,335
Deferred revenue	71,732	231,896
Grants payable	-	1,972,010
Deferred rent	639,774	680,311
Total liabilities	<u>4,653,306</u>	<u>4,105,738</u>
Commitments and contingencies (Note 10)		
Net assets:		
Without donor restrictions		
Undesignated	8,969,794	1,172,574
Board designated	14,898	14,898
	<u>8,984,692</u>	<u>1,187,472</u>
With donor restrictions	5,301,388	15,209,608
Total net assets	<u>14,286,080</u>	<u>16,397,080</u>
Total liabilities and net assets	<u>\$ 18,939,387</u>	<u>\$ 20,502,818</u>

The accompanying notes are an integral part of these financial statements.

AIDS UNITED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues and support			
Grants and contributions	\$ 600,218	\$ 6,808,030	\$ 7,408,248
Federal grants	7,650,565	-	7,650,565
Program service revenue and dues	492,875	-	492,875
Other income	245,094	-	245,094
Net assets released from restrictions	16,716,250	(16,716,250)	-
Total revenues and support	25,705,002	(9,908,220)	15,796,782
Expenses:			
Program services	15,808,031	-	15,808,031
Support services:			
General and administrative	1,356,920	-	1,356,920
Fundraising	276,968	-	276,968
Total expenses	17,441,919	-	17,441,919
Change in net assets before investment income (loss)	8,263,083	(9,908,220)	(1,645,137)
Investment income (loss):			
Interest and dividends income	26,377	-	26,377
Net realized and unrealized gain on investment	(492,241)	-	(492,241)
Change in net assets	7,797,220	(9,908,220)	(2,111,000)
Net assets at beginning of year	1,187,472	15,209,608	16,397,080
Net assets at end of year	\$ 8,984,692	\$ 5,301,388	\$ 14,286,080

The accompanying notes are an integral part of these financial statements.

AIDS UNITED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues and support			
Grants and contributions	\$ 600,218	\$ 6,808,030	\$ 7,408,248
Federal grants	7,034,405	-	7,034,405
Program service revenue and dues	492,875	-	492,875
Other income - forgiven loan	616,160	-	616,160
Other income	245,094	-	245,094
Net assets released from restrictions	16,716,250	(16,716,250)	-
Total revenues and support	25,705,002	(9,908,220)	15,796,782
Expenses:			
Program services	15,808,031	-	15,808,031
Support services:			
General and administrative	1,356,920	-	1,356,920
Fundraising	276,968	-	276,968
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Net assets at beginning of year	1,187,472	15,209,608	16,397,080
Net assets at end of year	\$ 8,984,692	\$ 5,301,388	\$ 14,286,080

The accompanying notes are an integral part of these financial statements.

AIDS UNITED

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services														Support Services					
	Coordinating Center for Technical Assistance	Southern HIV Impact Fund	Fund for Resilience, Equity, and Engagement	ITAC	Syringe Access Fund	Policy Advocacy	Capacity Building Assistance	People Organizing Positively	Puerto Rico	Endowment Funds	Communication and Marketing	Relief Recovery and Resilience Fund	PRGM AU Programs	Policy Advocacy Lobbying	Black Women First	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Totals
Grants	\$ 4,112,346	\$ 3,124,700	\$ 1,668,963	\$ 215,000	\$ 748,100	\$ -	\$ 36,819	\$ 175,000	\$ -	\$ 105,265	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,196,193	\$ -	\$ -	\$ -	\$ 10,196,193
Salaries and fringe	376,967	297,833	389,821	278,188	63,144	305,810	760,061	125,300	194,598	-	56,277	-	1,297	61,161	2,910,457	640,924	17,598	658,522	3,568,970	
Contracted services	97,879	107,700	302,559	129,692	8,250	180,613	189,363	41,250	34,375	-	62,334	-	-	-	1,154,015	277,182	228,730	505,912	1,659,927	
Travel	140,293	5,072	28,829	10,801	26,176	40,999	97,285	21,800	-	-	149	-	-	14,409	385,813	32,790	6,708	39,498	425,311	
Shared direct costs	53,352	40,128	52,137	27,605	13,009	37,293	83,805	10,313	1,474	-	13,285	-	-	148	122	332,671	345,214	7,679	352,893	685,564
Other direct costs	515	1,239	-	-	237	71,039	6,935	-	-	-	5,171	-	-	-	-	85,136	60,810	11,351	72,161	157,297
Indirect costs	138,230	187,166	104,500	65,825	67,496	36,429	78,262	47,830	4,157	11,084	-	1,053	-	-	1,714	743,746	-	4,902	4,902	748,648
Total Expenses	\$ 4,919,582	\$ 3,763,838	\$ 2,546,809	\$ 727,111	\$ 926,412	\$ 672,183	\$ 1,252,530	\$ 421,493	\$ 234,604	\$ 116,349	\$ 137,216	\$ 11,053	\$ -	\$ 1,445	\$ 77,406	\$ 15,808,031	\$ 1,356,920	\$ 276,968	\$ 1,633,888	\$ 17,441,919

AIDS UNITED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Coordinating Center for Technical Assistance	Southern HIV Impact Fund	Fund for Resilience, Equity, and Engagement	ITAC	Syringe Access Fund	Policy Advocacy	Capacity Building Assistance	Sector Transformation	People Organizing Positively	Puerto Rico	Partnering and Communicating Together to ACT Against AIDS	Endowment Funds	Communication and Marketing	Hurricane Relief Funds	Transgender Leadership Initiative	Policy Advocacy Lobbying	Asian & Pacific Islander American Health Forum	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Totals
Grants	\$ 4,055,612	\$ 2,942,500	\$ 3,489,142	\$ 2,034,867	\$ 1,160,985	\$ -	\$ 166,500	\$ 76,950	\$ -	\$ -	\$ 98,850	\$ -	\$ -	\$ 28,750	\$ -	\$ -	\$ 14,054,156	\$ -	\$ -	\$ -	\$ 14,054,156	
Salaries and fringe	401,142	415,920	221,368	224,664	185,007	326,628	476,796	81,286	63,471	42,786	100,483	-	23,856	50,689	18,383	-	462	2,635,243	175,877	68,308	241,385	2,876,628
Contracted services	169,926	206,517	92,240	142,534	51,495	41,892	369,128	43,954	37,502	45,869	24,605	-	40,994	3,500	1,500	-	1,201,857	77,799	197,168	234,667	1,536,824	
Travel	283,927	330,950	84,326	114,152	20,644	253,051	76,188	56,797	16,656	54,665	14,566	-	125	25	5,454	342	-	1,311,588	33,998	11,218	45,216	1,356,804
Shared direct costs	80,316	70,246	41,810	43,624	18,019	112,475	91,340	14,633	10,822	6,321	15,795	-	14,966	10,104	2,958	1,786	88	535,101	114,346	16,167	130,513	665,616
Other direct costs	2,007	4,809	-	228	816	50,027	9,746	1	20	1,670	21,008	-	465	-	-	461	-	91,258	65,314	12,429	77,743	169,001
Indirect costs	165,794	194,365	182,862	55,986	55,017	80,044	51,995	33,278	75,478	26,988	16,508	9,389	-	7,299	3,304	-	58	958,865	-	7,260	7,260	966,125
Total Expenses	\$ 5,158,724	\$ 4,165,307	\$ 4,118,748	\$ 2,616,056	\$ 1,491,983	\$ 864,117	\$ 1,074,993	\$ 396,749	\$ 280,879	\$ 198,239	\$ 192,967	\$ 108,239	\$ 85,406	\$ 71,617	\$ 60,849	\$ 2,589	\$ 698	\$ 20,888,070	\$ 467,334	\$ 269,750	\$ 737,084	\$ 21,625,154

AIDS UNITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating activities:		
Change in net assets	\$ (2,111,000)	\$ 8,750,581
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	56,399	53,976
Forgiveness of PPP loan	(616,160)	-
Net realized and unrealized (gain) loss on investments	492,241	(480,052)
Deferred rent	(40,537)	(43,605)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Promises to give	5,623,500	(6,696,689)
Accounts receivable	(562,280)	(6,482)
Government grants receivable	1,179,882	761,532
Prepaid expenses and other assets	25,946	50,438
Increase (decrease) in:		
Accounts payable and accrued expenses	(406,892)	155,942
Other liabilities and deposits	2,258,582	9,268
Deferred revenue	(160,164)	202,847
Grants payable	(1,972,010)	79,758
Net cash provided by operating activities	<u>3,767,508</u>	<u>2,837,514</u>
Investing activities:		
Purchases of investments	-	(52,244)
Proceeds from sales of investments	188,174	521,719
Net cash provided by investing activities	<u>188,174</u>	<u>469,475</u>
Financing activities:		
Proceeds from PPP loan	616,160	-
Net cash provided by Financing activities	<u>616,160</u>	<u>-</u>
Change in cash and cash equivalents	4,571,842	3,306,989
Cash and cash equivalents at the beginning of year	<u>4,496,926</u>	<u>1,189,937</u>
Cash and cash equivalents at end of year	<u><u>\$ 9,068,768</u></u>	<u><u>\$ 4,496,926</u></u>

The accompanying notes are an integral part of these financial statements.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

AIDS United (AU) is a 501(c)(3) organization headquartered in Washington, D.C. AU's mission is to end the AIDS epidemic in the U.S., and it works to achieve its mission through strategic grant-making, technical assistance and capacity building, as well as advocacy and policy. Originally incorporated in August 1990 under the laws of Ohio as the National Community AIDS Partnership (NCAP), the organization changed its name to the National AIDS Fund in January 1996 to reflect the merger of NCAP with National Leadership Coalition on AIDS. In January 2011, National AIDS Fund (NAF) changed its name to AIDS United to reflect the acquisition of AIDS Action Foundation (AAF), a 501(c)(3) organization, and AIDS Action Council (AAC), a 501(c)(4) organization, both incorporated in the District of Columbia. The transaction was effective January 1, 2011, through a one-time gift of net assets to NAF from AAF and AAC. AAF and AAC provided public policy and advocacy support to organizations actively engaged in HIV/AIDS work and the acquisition by NAF is considered complementary and synergistic with AU's mission of ending the HIV/AIDS epidemic.

AU's programs are supported primarily through government, corporate, and foundation grants and contributions. AU works in partnership with both the public and private sectors to raise and distribute grant funds and provide technical assistance and training resources to strengthen the response to the HIV/AIDS epidemic throughout the United States. AU also works through a dues-paying base of participating organizations to help shape policy and ensure advocacy for an effective HIV/AIDS response at both national and local levels.

A summary of AU's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic of the FASB ASC, AU is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions: Net asset without donor restrictions consist of the following:

General (undesignated): Represents the funds that are available for AU's general operations and not subject to donor-imposed stipulations or board designation.

Board designated: Represents funds set aside by the Board of Trustees. The Board of Trustees created a quasi-endowment for the John Taylor Memorial Fund with the intent of not spending the corpus.

With donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation, or the donor may specify that the corpus of their original and certain subsequent gifts are to be maintained in perpetuity. 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. See Notes 7 and 8 for details on net assets with donor restrictions.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes: AU is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

Cash and cash equivalents: AU considers all highly liquid short-term debt instruments whose maturity dates do not extend past three months from the original date of purchase to be cash equivalents.

Investments: Investments with readily determinable fair values are reflected at fair value. The change in fair value of these investments is recorded as a component of investment income in the statements of activities.

Financial risk: AU maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to AU.

AU invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in the values of the investments will occur in the near term, and those changes could have a material effect on the amounts reported in the financial statements. Realized and unrealized gains and losses are reflected in the statements of activities.

Promises to give: Promises to give consist of unconditional contributions to be received in future periods. The management of AU reviews the collectability of promises to give on a regular basis.

No reserve for doubtful accounts has been established because management expects to collect all outstanding items in full. AU's promises to give terms range from one to three years. AU's promises to give are discounted to their net present value at the time the revenue is recorded using AU's risk adjusted rate of return. Management determined that the discount for the net present value of the promises to give were immaterial at December 31, 2020 and 2019, respectively. Conditional promises to give are not included as support until the conditions are substantially met.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounts receivable: Accounts receivable are presented at the gross, or face, amount due to AU. Management periodically reviews the status of all receivable balances for collectability. As a result of these reviews, balances deemed to be uncollectible are charged directly to bad debt expense.

Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debt had been recorded.

Government grants receivable: Government grant revenue under conditional agreements is recognized to the extent related costs are incurred. Expenses incurred in advance of the receipt of grant funds are recorded as government grants receivable.

Property and equipment: Acquisitions of property and equipment greater than \$5,000 are recorded at cost and depreciated or amortized using the straight-line method over the following useful lives: office furniture and equipment - three to seven years; and leasehold improvements - over the lesser of 10 years and 10 months or the remaining term of the lease.

Valuation of long-lived assets: Long-lived property, such as leasehold improvements, that suffers a permanent impairment will be written down to fair value and an impairment loss equal to the difference between the property's carrying amount and fair value would be included as a reduction in the change in net assets.

Deferred revenue: Deferred revenue primarily consists of a grant payment received in advance from funders.

Revenue recognition: AU recognizes unconditional contributions with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions. Contributions with donor restrictions whose restrictions are met within the same period are recorded as contributions without donor restrictions.

Federal grants are typically considered conditional contributions and the recognition of grant revenue is deferred until barriers imposed under the grant document are met by AU. Grant costs incurred in excess of funds received are recorded as accounts receivable.

Functional allocation of expenses: The costs of providing various programs and other activities of AU have been summarized on a functional basis in the accompanying financial statements. The statements of functional expenses present expenses by both natural classification and by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon timesheets prepared by the employees. Additionally, other costs like rent, depreciation, supplies, postage and telephone indirectly related to the programs or support services have been allocated among the programs and support services benefited based on the proportional share of the salaries of each program or supporting function.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification: Certain items in the December 31, 2019 financial statements have been reclassified to conform to the December 31, 2020 financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net asset balances.

Subsequent events: Subsequent events have been evaluated through December 15, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

During the year ended December 31, 2020, AU earned approximately 44% of its revenue from one grantor, approximately 19% from another grantor and approximately 14% from a third grantor for a total of approximately 77% of its revenue. During the year ended December 31, 2019, AU earned approximately 36% of its revenue from one grantor, approximately 26% from another grantor and approximately 16% from a third grantor for a total of approximately 78% of its revenue. If a substantial reduction in the level of this funding should occur, it might have a significant effect on AU's programs.

NOTE 3 – INVESTMENTS

In accordance with generally accepted accounting principles, AU uses the following prioritized input levels to measure fair value of investments. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments using Level one inputs include equity mutual funds and are valued based on quoted prices for identical assets in active markets.

Investments recorded at cost included certificates of deposit with maturity dates greater than three months. Investments carried at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 – INVESTMENTS (CONTINUED)

Investments at December 31, 2020 and 2019, consist of the following:

	2020	2019
Equity mutual fund, at fair value (Level 1)	\$2,924,945	\$ 2,736,771
Certificates of deposit, at cost	1,048,765	1,048,765
Total	<u>\$3,973,710</u>	<u>\$ 3,785,536</u>

NOTE 4 – PROMISE TO GIVE

Promises to give at December 31, 2020 and 2019, consist of the following:

	2020	2019
Due in one year or less	\$ -	\$ 5,623,500
Due in one to five years	3,103,500	3,103,500
Total	<u>\$3,103,500</u>	<u>\$ 8,727,000</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019, consists of the following:

	2020	2019
Office furniture and equipment	\$ 152,010	\$ 152,010
Leasehold improvements	584,136	584,136
	736,146	736,146
Less accumulated depreciation	(338,249)	(281,850)
Total	<u>\$397,897</u>	<u>\$ 454,296</u>

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 – LIQUIDITY AND ASSET AVAILABILITY

Financial assets available for general expenditure within one year are as follows, at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 9,068,768	\$ 4,496,926
Investments	3,973,710	3,785,536
Promise to give	3,103,500	8,727,000
Accounts receivable	590,291	28,011
Government grants receivable	1,709,599	2,889,481
	18,445,868	19,926,954
Less amounts unavailable within one year due to:		
Donor-imposed restrictions	(5,301,388)	(15,209,608)
Board designations	(14,898)	(14,898)
	\$ 13,129,582	\$ 4,702,448

As part of AU's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. When possible, AU invests cash received in advance for grant-funded projects in investment vehicles with terms aligned to the timing of expected spending for those projects.

Income from the donor-restricted Dr. David E. Rogers Innovation Fund can be appropriated for the general charitable purposes of AU. As described in Note 7, funds up to 5% of the Blended Market Value of the fund may be appropriated and, therefore, available within the next 12 months. These amounts totaled \$0 and \$89,850 for the years ended December 31, 2020 and 2019, respectively.

Additionally, AU has a quasi-endowment of \$14,898 and \$14,898 at December 31, 2020 and 2019, respectively. Although AU does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2020 and 2019, are dedicated to the following programs:

	2020	2019
Perpetual in nature		
Endowment related:		
David E. Rogers Innovation Fund	\$ 2,157,933	\$ 1,359,252
Sean Sasser Memorial Fund	97,254	62,625
	<u>2,255,187</u>	<u>1,421,877</u>
Specific purpose		
Endowment related:		
David E. Rogers Innovation Fund	-	1,016,882
Sean Sasser Memorial Fund	-	26,352
	-	<u>1,043,234</u>
Connecting to Care Initiative	-	64,431
Puerto Rico Fund	-	245,045
Hurricane Relief Fund	-	107,763
Positive Organizing Project	210,079	706,140
Public Policy	166,686	247,143
Robert Wood Johnson Foundation Award	-	3,119
Patient Rights	-	126,000
Racial Justice	-	120,000
Sector Transformation	-	148,906
FREE	-	6,881,343
ARCW	202,750	312,000
Community Engagement Initiative	-	17,030
Asian & Pacific Islander American Health Reform	-	9,392
Southern Collaborative Fund	2,000,000	3,076,038
Syringe Access Fund	300,000	329,970
HIV and Aging	166,686	-
Transgender Leadership Demonstration Project	-	219,131
Treatment Access Expansion Project	-	131,047
	<u>3,046,201</u>	<u>12,744,498</u>
Total funds with donor restrictions	<u>\$ 5,301,388</u>	<u>\$ 15,209,609</u>

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restriction during the years ended December 31, 2020 and 2019, consisted of the following:

	2020	2019
Specific purpose		
Endowment related:		
David E. Rogers Innovation Fund	\$ 1,016,882	\$ 100,502
Sean Sasser Memorial Fund	26,352	6,632
Connecting to Care Initiative	64,431	7,412
Puerto Rico Fund	245,045	220,345
Hurricane Relief Fund	107,763	71,617
Positive Organizing Project	496,061	280,878
Public Policy	80,457	497,642
Robert Wood Johnson Foundation Award	3,119	7,979
Patient Rights	126,000	-
Racial Justice	120,000	-
Sector Transformation	148,906	389,337
FREE	6,881,343	4,118,657
ARCW	109,250	-
Community Engagement Initiative	17,030	-
Asian & Pacific Islander American Health Reform	9,392	608
Southern Collaborative Fund	3,120,233	4,163,307
Syringe Access Fund	29,970	1,491,981
HIV and Aging	3,763,838	-
Transgender Leadership Demonstration Project	219,131	60,850
Treatment Access Expansion Project	131,047	68,612
	<u>15,673,016</u>	<u>11,379,225</u>
Total funds with donor restrictions	<u>\$ 16,716,250</u>	<u>\$ 11,486,359</u>

NOTE 8 – ENDOWMENTS

AU's endowments consist of three individual funds established to provide grants under terms of the grant agreements. The endowments include two donor-restricted endowment funds and a fund designated by the Board of Trustees to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the state of Ohio, the Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts to the respective endowments for perpetuity, absent any donor stipulations to the contrary. Earnings on such funds are restricted in accordance with the purpose of the respective endowments. Earnings may also be restricted until the Board of Trustees appropriates such amounts for expenditure.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – ENDOWMENTS (CONTINUED)

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

AU considers a fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of initial and subsequent gifts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. AU has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under law.

Endowment returns objectives and risk parameters: AU has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. AU expects its endowment funds, over time, to provide an average rate of return of approximately 9% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, AU invests endowment funds with a very long-term view, using a disciplined and fully diverse investment strategy. AU seeks to match the overall growth in the stock market using cost effective Vanguard index funds, with performance measured using overall market benchmarks, rather than aggressively trying to outperform the market each year.

Endowment spending policy and how the investment objectives relate to spending policy: Each endowment fund at AU is fully invested in accordance with AU's investment policy guidelines and the investment models recommended by the donor who established the fund. When subsequent contributions are received into a fund, they are invested immediately. New donations contribute to the fund's total market value regardless of the fund's size. The amount available each year for grant making out of an endowment fund can be paid out as grants or reinvested in the fund, depending upon the type of fund.

A fund's distribution amount is determined annually by using two factors: the Spending Policy Rate (SPR), and the Blended Market Value (BMV). SPRs are established and reviewed regularly by AU's Investment Advisory Committee. SPRs are set at levels that enable distributions to grow over time, and also to hedge against the eroding effects of inflation. Currently, annual rates are set at 5% and do not include annual management and administration fees (which vary by fund type).

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – ENDOWMENTS (CONTINUED)

After January 1 of each year, AU multiplies the fund's Blended Market Value by appropriate SPR. The resulting figure becomes the available distribution amount for the current year. For example, 5% net SPR x \$10,000 BMV = \$500 distribution amount. Conceptually, BMV is a three-year trailing average of a fund's market value. AU's calculations serve to level market fluctuations and maintain relatively smooth distribution amounts.

An administration fee applies to all funds at AU and is based on the type of fund. The fee is used to offset operating and administrative expenses. An investment management fee applies to all invested funds at AU. This fee is used to offset AU's investment management expense.

If a fund has not achieved its minimum required contributions amount (typically \$10,000 within five years), the annual distribution amount will be reinvested automatically. By policy, all fund distributions and fees will be waived until the market value of the endowment fund exceeds 105% of the cumulative historical gift balance of the fund.

Endowment net asset composition by type of fund as of December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Income	Held in Perpetuity	
Donor-restricted endowment funds:				
Dr. David E. Rogers Innovation Fund	\$ -	\$ -	\$ 2,157,933	2,157,933
Sean Sasser Memorial Fund			97,254	97,254
Board-designated funds:				
John Taylor Memorial Fund	14,898	-	-	14,898
	\$ 14,898	\$ -	\$ 2,255,187	\$ 2,270,085

Endowment net asset composition by type of fund as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Income	Held in Perpetuity	
Donor-restricted endowment funds:				
Dr. David E. Rogers Innovation Fund	\$ -	\$ 1,016,882	\$ 1,359,252	2,376,134
Sean Sasser Memorial Fund		26,352	62,625	88,977
Board-designated funds:				
John Taylor Memorial Fund	14,898	-	-	14,898
	\$ 14,898	\$ 1,043,234	\$ 1,421,877	\$ 2,480,009

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the years ended December 31, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Income	Held in Perpetuity	
Endowment net assets at December, 2018	\$ 11,564	\$ 635,641	\$ 142,187	\$ 2,069,082
Investment, net	4,439	514,727	-	519,166
Appropriation of endowment assets for expenditure	(1,105)	(107,134)	-	(108,239)
Endowment net assets at December, 2019	14,898	1,043,234	1,421,877	2,480,009
Investment, net	-	-	833,310	833,310
Appropriation of endowment assets for expenditure	-	(1,043,234)	-	(1,043,234)
Endowment net assets at December, 2020	\$ 14,898	\$ -	\$ 2,255,187	\$ 2,270,085

NOTE 9 – PPP LOAN

On March, 2020, the U.S federal government enacted the Coronavirus Aid Relief, and Economic Security Act (“CARES Act”), which includes provision for a Paycheck Protection Program (“PPP”) administered by the U.S. Small Business Administration (“SBA”). The PPP allows qualifying businesses to borrow up to \$10 million calculated based on qualifying payroll costs. The loan is guaranteed by the federal government and does not require collateral. On May 6, 2020, AU entered into a PPP loan with a financial institution, pursuant to the PPP under CARES for \$616,160. The PPP loan contains events of default and other provisions customary for a loan of this type. The PPP provides that (1) the use of PPP Loan amount shall be limited to certain qualifying expenses, (2) 100 percent of the principal amount of the loan is guaranteed by the SBA and (3) an amount up to the full principal amount may qualify for loan forgiveness in accordance with the terms of CARES act. On December 20, 2020, the PPP loan was forgiven and AU was in full compliance with all the covenants with respect to the PPP loan.

NOTE 10 – RETIREMENT PLAN

AU sponsors a 403(b) defined contribution pension plan that covers all full-time employees who have completed one year of service and 1,000 hours during the plan year. The Board determines employer contributions annually. The Board approved contributions of 6% of each participant's salary for 2020 and 2019. Employees are fully vested in the employer contributions. For the years ended December 31, 2020 and 2019, pension expense was \$148,665 and \$123,052, respectively, and is included in salaries and benefits on the statements of functional expenses.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Office lease: AU entered into a new non-cancelable lease agreement for its headquarters office space located at 1101 14th Street, NW, Washington, D.C. commencing August 1, 2017, and effective through May 31, 2028. The lease contains an escalation clause that adjusted annual base rentals, as well as certain rent abatements, both of which will be amortized on a basis to achieve straight-line expense over the life of the lease. Should the lease be terminated before the 83rd month, AU, after satisfying conditions required in the lease agreement, would be subject to a termination fee of \$478,810. The lease also contains a tenant improvement allowance which will be amortized over the life of the lease. The liability for deferred rent and lease incentive totaled \$639,774 and \$680,311 at December 31, 2020 and 2019, respectively.

Office rent expense for the years ended December 31, 2020 and 2019, was \$274,169 and \$267,596, respectively.

Equipment operating leases: AU also leased office equipment on a monthly basis under a lease deemed to be an operating lease. Office equipment rental expense for the years ended December 31, 2020 and 2019, totaled approximately \$0 and \$0, respectively.

Future minimum lease payments are as follows:

	Office Lease	Equipment Leases	Total
Years ending December 31:			
2021	\$ 312,642	\$ 4,776	\$ 317,418
2022	320,458	3,184	323,642
2023	328,469	-	328,469
2024	336,681	-	336,681
2025	345,098	-	345,098
Thereafter	869,545		869,545
Totals	<u>\$2,512,892</u>	<u>\$ 7,960</u>	<u>\$3,123,445</u>

Sublease: AU subleased a portion of its office space during the year. Sublease income for each of the years ended December 31, 2020 and 2019, was \$3,600.

AIDS UNITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

AU signed a sublease agreement for the Washington, D.C. space with monthly payments of \$13,364, escalating at 4% per year. The sublease commenced September 15, 2020, and is to terminate on May 30, 2028.

Future minimum sublease receipts are as follows:

Years ending December 31:	
2021	\$ 162,508
2022	169,008
2023	175,764
2024	182,800
2025	190,112
Thereafter	<u>282,258</u>
Total	<u>\$1,162,450</u>

Government grants: Federal award revenue provided by U.S. government agencies in relation to expenditures incurred under grant agreements may be subject to audit or adjustment by the government agencies. The expenditures which may be disallowed as a result of an audit cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

COVID-19: On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 (the coronavirus) a Public Health Emergency of International Concern and, on March 11, 2020, declared it to be a pandemic. The coronavirus has had an adverse impact on global economies and financial markets. The ultimate financial and operational impacts of this pandemic on AU's future funding have not yet been fully determined.

AIDS UNITED
COMPLIANCE SECTION
FOR THE YEAR ENDED DECEMBER 31, 2020



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
AIDS United

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of AIDS United which comprise the statement of financial position as of and for the year ended December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended December 31, 2020, and have issued our report thereon dated December 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AIDS United 's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AIDS United 's internal control. Accordingly, we do not express an opinion on the effectiveness of AIDS United 's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether AIDS United's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BAS Partners LLC

Pembroke Pines, Florida

December 15, 2022



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDE**

To the Board of Trustees
AIDS United

Report on Compliance for Each Federal Program

We have audited AIDS United's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of AIDS United major federal programs for the year ended December 31, 2020. AIDS United's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of AIDS United's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AIDS United's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AIDS United's compliance.



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Opinion on Each Major Federal Program

In our opinion, AIDS United complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of AIDS United is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AIDS United's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AIDS United's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BAS Partners LLC

**Pembroke Pines, FL
December 15, 2022**

AIDS UNITED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Contract Number	Pass-Through Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services					
Centers for Disease Control & Prevention (CDC)					
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	1U62PS004991-01		\$ 5,286	\$ -
Capacity Building Assistance (CBA) for High-Impact HIV Prevention	93.834	NU65PS923678-01-02		965,482	-
National Institutes of Health					
Research and Development Cluster:					
Pass through from Well Cornell Medicine					
Allergy and Infectious Diseases Research	93.855	N/A		200,000	-
Heath Resources & Services Administration (HRSA)					
Pass through from Fenway Community Health Center, Inc.					
HIV Emergency Relief Project Grants	93.914	U69HA31067	No 473-AU	4,919,582	-
Special Projects of National Significance	93.928	U90HA2937-04-00		426,387	-
Total Expenditures of Federal Awards				\$ 6,516,737	\$ -

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

AIDS UNITED
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 — BASIS OF PRESENTATIONS

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of AIDS United under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*,. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 — CONTINGENCIES

Grant monies received and disbursed by AIDS United are for specific purposes and are subject to review by grantor agencies. Such audits may result in request for reimbursement due to disallowed expenditures. Based on prior experience, AIDS United. does not believe that such disallowances, if any, would have a material effect on the financial position of AIDS United. As of December 31, 2020, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 4 — INDIRECT COST RATE

AIDS United has elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

AIDS UNITED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION 1 – SUMMARY OF INDEPENDENT AUDITORS’ RESULTS

Financial Statements

Type of Auditors’ Report Issued

Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiency identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiency identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of Auditors’ Report Issued on Compliance for Major Program: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

93.914

HIV Emergency Relief Project Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

AIDS UNITED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II – FINANCIAL STATEMENTS FINDINGS

Current Year Findings

None Noted

Prior Year Findings

Finding 2019-001: Account Reconciliations and Post-Closing Adjustments (Material Weakness)

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) developed a model that has been adopted as the generally accepted framework for an effective internal control structure. Under the COSO framework, management is responsible for the timely and accurate completeness of all financial records. This includes establishing and monitoring internal controls to ensure transactions and journal entries are properly initiated, authorized, recorded and processed into the general ledger in a timely manner. In addition, untimely closing procedures can lead to a continuing and growing backlog of transactions and journal entries that are not posted into the accounting system with implications on management's ability to make informed business decisions.

Condition: We identified certain general ledger accounts, including the beginning net assets, grants payable, deferred revenue and certain revenue and expense accounts, which required adjustments to be made subsequent to the start of the audit in order to be accurately reconciled at December 31, 2019.

Cause: Turnover within the finance department resulted in untimely reconciliations of certain general ledger accounts.

Effect: The resulting effect was that initial financial reporting had material inaccuracies. We proposed and recorded eight audit adjustments which increased the change in net assets by approximately \$9.2 million.

Questioned Costs: There were no questioned costs related to this finding.

Recommendation: AU should reconcile all general ledger accounts on a timely and accurate basis. AU should follow its accounting policies and procedures processed in order to identify and resolve potential discrepancies. As a component of the monitoring process under the COSO framework, reconciling differences should be researched and resolved with any necessary adjustments posted before the books are closed and the year-end audit commences.

Management's Response: A significant portion of the adjustments were due to varying interpretations by the finance consultants and accounting firms for revenue recognition for corporate and foundation grants/awards. For future corporate and foundation grants/awards, we will include an internal document to confirm the purpose and period of performance to ensure accurate revenue recognition.

Status: Implemented.

AIDS UNITED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION III – COMPLIANCE SECTION FINDINGS

Current Year Findings

None Noted

Prior Year Findings

Finding 2019-002: Untimely Filing of Data Collection Form (Significant Deficiency/Other Compliance Matter)

Agency and Award: All federal awards listed on the schedule of expenditures of federal awards.

Criteria: Per Title 2 of the U.S. *Code of Federal Regulations* Section 200.512, the audit must be completed and the data collection form must be submitted within the earlier of 30 calendar days after the receipt of the auditor's report(s), or nine months after the end of the audit period. While certain memoranda issued by the Office of Management and Budget revised the deadline with regard to the number of months after the end of the audit period, the 30-calendar day requirement remained unchanged.

Condition: The audit for fiscal year ended December 31, 2019, was not completed within the required time frame and the data collection form was filed after the required submission date.

Cause: Management did not have a mechanism in place to ensure the audit was completed within the required timeframe and the data collection form was not filed with the Federal Audit Clearinghouse within the required submission date.

Effect: AU was not in compliance with the federal regulation noted above.

Questioned Costs: There were no questioned costs related to this finding.

Recommendation: We recommend AU take steps to ensure the timely completion of the single audit and consequently timely submission of its data collection form to the Federal Audit Clearinghouse.

Management's Response: AIDS United's audit was originally scheduled for May of 2020. Due to the COVID-19 pandemic, the start date was moved to September of 2020, and RSM US LLP projected a completion date for March 2021, which was communicated to the Federal Audit Clearinghouse, which assigned us a case number and directed us to send notice to the awarding agency, Department of Health & Human Services (HHS). We contacted HHS, received a case number, and were directed to provide updates to the Program Support Center, Financial Management (HHS), and we followed through with sending an audit status update. At the April and September 2021 Board meetings, the RSM US LLP audit lead provided audit status updates and projected new completion dates, and these updates were subsequently passed along to Program Support Center via email.

Status: Implemented.

END OF REPORT