

**AIDS UNITED**  
**(A Non-Profit Corporation)**

**FINANCIAL REPORT AND COMPLIANCE REPORT**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**AIDS UNITED**  
**(A Non-Profit Corporation)**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
**AIDS United**

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

We have audited the accompanying financial statements of AIDS United (AU), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AIDS United, as of December 31, 2022, and the changes in its net assets and its cashflows for the year ended in accordance with accounting principles generally accepted in the United States of America

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Aids United and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the AIDS United's ability to continue as a going concern for a period not exceeding one year from the issuance of the financials.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Audit Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Aids United's internal control. Accordingly no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aids United's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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### **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 September 15, 2023 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**

**September 15, 2023**

**AIDS UNITED**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,684,670	\$ 4,488,130
Investments	6,498,692	4,211,526
Grants receivable	2,019,253	1,093,969
Prepaid expenses	49,428	112,421
Property and equipment, net	289,945	343,921
	\$ 10,541,988	\$ 10,249,967
	\$ 10,541,988	\$ 10,249,967
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 827,114	\$ 466,359
Other liabilities and deposits	267,361	1,906,883
Deferred revenue	116,519	205,985
Deferred rent	291,338	599,237
Total liabilities	1,502,332	3,178,464
	1,502,332	3,178,464
Commitments and contingencies (Note 10)		
Net assets:		
Without donor restrictions		
Undesignated	4,624,758	3,455,329
Board designated	14,898	14,898
	4,639,656	3,470,227
With donor restrictions	4,400,000	3,601,276
Total net assets	9,039,656	7,071,503
	9,039,656	7,071,503
Total liabilities and net assets	\$ 10,541,988	\$ 10,249,967
	\$ 10,541,988	\$ 10,249,967

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

**AIDS UNITED**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>Revenues and support</b>			
Grants and contributions	\$ -	\$ 6,774,882	\$ 6,774,882
Federal grants	539,888	7,141,123	7,681,011
Program service revenue and dues	608,995	324,191	933,186
Other income	208,268	702,000	910,268
Net assets released from restrictions	14,143,472	(14,143,472)	-
<b>Total revenues and support</b>	<u>15,500,623</u>	<u>798,724</u>	<u>16,299,347</u>
<b>Expenses:</b>			
Program services	13,310,253	-	13,310,253
Support services:			
General and administrative	498,984	-	498,984
Fundraising	305,656	-	305,656
<b>Total expenses</b>	<u>14,114,893</u>	<u>-</u>	<u>14,114,893</u>
<b>Change in net assets before investment income (loss)</b>	1,385,730	798,724	2,184,454
Investment income (loss):			
Interest and dividends income	19,834	-	19,834
Net realized and unrealized gain on investment	-	-	-
<b>Change in net assets</b>	<u>1,405,564</u>	<u>798,724</u>	<u>2,204,288</u>
Net assets at beginning of year, before adjustment	3,470,227	3,601,276	7,071,503
Prior period adjustment	(236,135)	-	(236,135)
Net assets at beginning of year, after adjustment	<u>3,234,092</u>	<u>3,601,276</u>	<u>6,835,368</u>
Net assets at end of year	<u>\$ 4,639,656</u>	<u>\$ 4,400,000</u>	<u>\$ 9,039,656</u>

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

**AIDS UNITED**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>Revenues and support</b>			
Grants and contributions	\$ 3,140,831	\$ 5,286,160	\$ 8,426,991
Program service revenue and dues	583,147	-	583,147
Other income	490,805	-	490,805
Net assets released from restrictions	6,986,272	(6,986,272)	-
<b>Total revenues and support</b>	<u>11,201,055</u>	<u>(1,700,112)</u>	<u>9,500,943</u>
<b>Expenses:</b>			
Program services	14,859,341	-	14,859,341
Support services:			
General administrative and fundraising	1,881,096	-	1,881,096
<b>Total expenses</b>	<u>16,740,437</u>	<u>-</u>	<u>16,740,437</u>
<b>Change in net assets before investment income (loss)</b>	(5,539,382)	(1,700,112)	(7,239,494)
Investment income (loss):			
Interest and dividends income	23,455	-	23,455
Net realized and unrealized gain on investment	1,462	-	1,462
<b>Change in net assets</b>	<u>(5,514,465)</u>	<u>(1,700,112)</u>	<u>(7,214,577)</u>
Net assets at beginning of year	8,984,692	5,301,388	14,286,080
Net assets at end of year	<u>\$ 3,470,227</u>	<u>\$ 3,601,276</u>	<u>\$ 7,071,503</u>

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



**AIDS UNITED**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services															Support Services			Totals
	Center for Technical Assistance	Southern HIV Impact Fund	Fund for Resilience, Equity, and Engagement	Transgender Leadership Initiative	Syringe Access Fund	Policy Advocacy	Capacity Building Assistance	People Organizing Positively	Other Programs	Sector Transformation	Communication and Marketing	Resilience, Equity and Engagement	Policy Advocacy Lobbying	Black Women First	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Grants	\$ 788,844	\$ 1,648,394	\$ 46,000	\$ 50,000	\$ 3,696,670	\$ -		\$ 378,500	\$ 405,000	\$ -	\$ -	\$ (1,651,070)	\$ -	\$ -	\$ 5,362,338	\$ 82,540	\$ -	\$ 82,540	\$ 5,444,878
Salaries and fringe	480,061	231,869	2,446	35,196	674,487	1,011,604	526,166	341,327	41,607	-	84,195	-	1,060	178,456	3,608,474	159,778	3,257	163,035	3,771,509
Contracted services	24,412	39,213	-	20,297	23,000	786,228	214,488	114,917	185,790	3,044	25,058	-	-	64,304	1,500,751	338,000	301,833	639,833	2,140,584
Travel	213,743	153,792	-	10,000	18,090	156,334	14,920	42,845	2,300	-	8,735	-	-	59,510	680,269	29,744	-	29,744	710,013
Shared direct costs	129,001	59,777	687	9,621	190,651	274,087	151,574	95,375	29,188	1,924	30,502	-	374	40,884	1,013,645	239,986	536	240,522	1,254,167
Other direct costs	-	2,000	750	-	19,395	58,343	-	25,319	493	-	2,752	-	-	-	109,052	5,811	-	5,811	114,863
Indirect costs	142,587	170,288	3,404	6,209	294,724	205,348	59,446	60,488	55,597	130	1,293	12,899	151	23,160	1,035,724	(356,875)	30	(356,845)	678,879
<b>Total Expenses</b>	<b>\$ 1,778,648</b>	<b>\$ 2,305,333</b>	<b>\$ 53,287</b>	<b>\$ 131,323</b>	<b>\$ 4,917,017</b>	<b>\$ 2,491,944</b>	<b>\$ 966,594</b>	<b>\$ 1,058,771</b>	<b>\$ 719,975</b>	<b>\$ 5,098</b>	<b>\$ 152,535</b>	<b>\$ (1,638,171)</b>	<b>\$ 1,585</b>	<b>\$ 366,314</b>	<b>\$ 13,310,253</b>	<b>\$ 498,984</b>	<b>\$ 305,656</b>	<b>\$ 804,640</b>	<b>\$ 14,114,893</b>

# AIDS UNITED

## STATEMENT OF FUNCTIONAL EXPENSES

### FOR THE YEAR ENDED DECEMBER 31, 2021

	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	DEVO Development & Fundraising	Puerto Rico	Endowment Funds	Communication and Marketing	Global Care Grantee Fund	Functional LP Programs	Relief Recovery and Resilience Fund	Sector Transformation	Transgender Leadership Initiative	Black Women First	Total Program Services	General, Administrative and Fundraising	Total Supporting Services	Total
Grants	\$ 1,317,465	\$ 1,979,000	\$ 548,187	\$ 60,119	\$ 261,367	\$ 133,468	\$ -	\$ -	\$ -	\$ 138,147			\$ 155,000	\$ 93,233	\$ -	\$ 148,656	\$ -	\$ 4,834,642	\$ 112,600	\$ 112,600	\$ 4,947,242
Salaries and fringe	370,748	234,995	278,827	136,297	133,490	641,589	759,251	11,290	84,094	-	60,982	-	139,797	1,477	-	385	147,870	2,991,092	1,302,234	1,302,234	4,293,326
Contracted services	142,407	148,492	214,670	6,600	109,283	692,844	213,731	209,667	6,455	20,930	-	-	95,650	35,269	2,852	4,500	54,037	1,957,387	171,290	171,290	2,128,677
Travel	27,736	18,950	13,117		4,876	22,870	17,868	223	1,075				14,044	-	-	2,000	30,253	153,602	24,683	24,683	178,285
Shared direct costs	85,778	40,767	49,491	3,349	16,979	90,977	89,693	1,086	10,117		17,526	-	22,651	210	-	46	21,516	450,186	568,380	568,380	1,018,566
Other direct costs	175	463			8,667	54,534	13,310				12,340	7,025	19,219	-	-	-	1,530	117,213	18,743	18,743	136,254
Indirect costs	725,048	122,584	3,179,231	4,682	54,449	107,120	93,833		8,664	263			41,649	9,849	(180)	(12,118)	19,847	4,354,021	(316,834)	(316,834)	4,037,087
<b>Total Expenses</b>	<b>\$ 2,669,355</b>	<b>\$ 2,535,251</b>	<b>\$ 4,283,523</b>	<b>\$ 211,047</b>	<b>\$ 589,111</b>	<b>\$ 1,743,452</b>	<b>\$ 1,187,686</b>	<b>\$ 222,266</b>	<b>\$ 118,405</b>	<b>\$ 138,410</b>	<b>\$ 112,368</b>	<b>\$ 7,025</b>	<b>\$ 488,010</b>	<b>\$ 140,018</b>	<b>\$ 2,072</b>	<b>\$ 141,469</b>	<b>\$ 275,253</b>	<b>\$ 14,859,341</b>	<b>\$ 1,881,096</b>	<b>\$ 1,881,096</b>	<b>\$ 16,740,437</b>

**AIDS UNITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating activities:</b>		
Change in net assets	\$ 2,204,288	\$ (7,214,577)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	53,976	53,976
Forgiveness of PPP loan	-	(688,782)
Net realized and unrealized (gain) loss on investments	-	(1,462)
Promise to give written off	-	3,103,500
Prior period adjustment	(236,135)	
Deferred rent	(307,899)	(40,537)
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in:		
Accounts receivable	-	590,292
Government grants receivable	(925,284)	615,630
Prepaid expenses and other assets	62,993	(16,799)
Increase (decrease) in:		
Accounts payable and accrued expenses	360,755	(1,084,062)
Other liabilities and deposits	(1,639,522)	(483,035)
Deferred revenue	(89,466)	134,253
<b>Net cash used in operating activities</b>	<u>(516,294)</u>	<u>(5,031,604)</u>
<b>Investing activities:</b>		
Purchases of investments	<u>(2,287,166)</u>	<u>(237,816)</u>
<b>Net cash used in investing activities</b>	<u>(2,287,166)</u>	<u>(237,816)</u>
<b>Financing activities:</b>		
Proceeds from PPP loan	<u>-</u>	<u>688,782</u>
<b>Net cash provided by Financing activities</b>	<u>-</u>	<u>688,782</u>
Change in cash and cash equivalents	(2,803,460)	(4,580,638)
Cash and cash equivalents at the beginning of year	<u>4,488,130</u>	<u>9,068,768</u>
Cash and cash equivalents at end of year	<u>\$ 1,684,670</u>	<u>\$ 4,488,130</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, 2022 AND 2021**

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**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, 2022 AND 2021**

**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, 2022 and 2021, 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, 2022 AND 2021**

**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, 2022 AND 2021**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Reclassification:** Certain items in the December 31, 2021 financial statements have been reclassified to conform to the December 31, 2022 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 September 15, 2023, which is the date the financial statements were available to be issued.

During fiscal year 2023, AU has incurred liabilities related to the 403b Retirement Plan. The amount related to incorrect remittances of employee contributions to the retirement plan. The amount as at the date of the financial statement date was determined and will be included in Fiscal 2023 financial statements.

**NOTE 2 – CONCENTRATIONS**

During the year ended December 31, 2022, AU earned approximately 41% of its revenue from one grantor, approximately 16% from another grantor and approximately 10% from a third grantor for a total of approximately 72% of its revenue. During the year ended December 31, 2021, AU earned approximately 43% of its revenue from one grantor, approximately 18% from another grantor and approximately 13% from a third grantor for a total of approximately 76% 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, 2022 AND 2021**

**NOTE 3 – INVESTMENTS (CONTINUED)**

Investments at December 31, 2022 and 2021, consist of the following:

	2022	2021
Equity mutual fund, at fair value (Level 1)	\$5,426,574	\$ 2,924,945
Certificates of deposit, at cost	1,072,118	1,067,332
Total	\$6,498,692	\$ 4,211,526

**NOTE 4 – PROMISE TO GIVE**

Promises to give at December 31, 2022 and 2021, consist of the following:

	2022	2021
Due in one year or less	\$ -	\$ -
Due in one to five years	-	-
Total	\$ -	\$ -

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2022 and 2021, consists of the following:

	2022	2021
Office furniture and equipment	\$ 152,010	\$ 152,010
Leasehold improvements	584,136	584,136
	736,146	736,146
Less accumulated depreciation	(446,201)	(392,225)
Total	\$ 289,945	\$ 343,921



**AIDS UNITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 6 – LIQUIDITY AND ASSET AVAILABILITY**

Financial assets available for general expenditure within one year are as follows, at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,684,670	\$ 4,488,130
Investments	6,498,692	4,211,526
Promise to give	-	-
Accounts receivable	-	-
Government grants receivable	2,019,253	1,093,969
	10,202,615	9,793,625
 Less amounts unavailable within one year due to:		
Donor-imposed restrictions	(4,400,000)	(3,601,276)
Board designations	(14,898)	(14,898)
	<b>\$ 5,787,717</b>	<b>\$ 6,177,451</b>

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 \$0 for the years ended December 31, 2022 and 2021, respectively.

Additionally, AU has a quasi-endowment of \$14,898 and \$14,898 at December 31, 2022 and 2021, 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, 2022 AND 2021**

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

*Note 7. Net Assets With Donor Restrictions*

Net assets with donor restrictions at December 31, 2022 and 2021, are dedicated to the following programs:

	<b>2022</b>	<b>2021</b>
Perpetual in nature		
Endowment related:		
David E. Rogers Innovation Fund	\$ 1,818,064	\$ 1,818,064
Sean Sasser Memorial Fund	81,936	81,936
	<u>1,900,000</u>	<u>1,900,000</u>
Specific purpose		
Endowment related:		
David E. Rogers Innovation Fund	-	-
Sean Sasser Memorial Fund	-	-
	<u>-</u>	<u>-</u>
Connecting to Care Initiative	-	-
Puerto Rico Fund	-	-
Hurricane Relief Fund	-	-
Positive Organizing Project	-	-
Public Policy	-	-
Robert Wood Johnson Foundation Award	-	-
Patient Rights	-	-
Racial Justice	-	-
Sector Transformation	-	-
FREE	-	-
ARCW	-	97,506
Community Engagement Initiative	-	-
Asian & Pacific Islander American Health Reform	-	-
Southern Collaborative Fund	2,500,000	1,000,000
Syringe Access Fund	-	603,770
HIV and Aging	-	-
Transgender Leadership Demonstration Project	-	-
Treatment Access Expansion Project	-	-
	<u>2,500,000</u>	<u>1,701,276</u>
Total funds with donor restrictions	<u><b>\$ 4,400,000</b></u>	<u><b>\$ 3,601,276</b></u>

**AIDS UNITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets released from restriction during the years ended December 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Specific purpose		
Endowment related:		
David E. Rogers Innovation Fund	\$ -	\$ -
Sean Sasser Memorial Fund	-	-
	-	-
Connecting to Care Initiative	1,778,648	-
Puerto Rico Fund	-	-
Hurricane Relief Fund	-	-
Positive Organizing Project	1,058,648	210,079
Public Policy	2,493,529	166,686
Robert Wood Johnson Foundation Award	-	-
Patient Rights	-	-
Racial Justice	-	-
Sector Transformation	5,098	-
FREE	-	-
ARCW	966,594	105,244
Community Engagement Initiative	53,287	-
Asian & Pacific Islander American Health Reform	-	-
Southern Collaborative Fund	2,305,333	3,044,195
Syringe Access Fund	4,917,017	-
HIV and Aging	433,995	3,460,068
Transgender Leadership Demonstration Project	131,323	-
Treatment Access Expansion Project	-	-
	<u>14,143,472</u>	<u>6,986,272</u>
Total funds with donor restrictions	<u>\$ 14,143,472</u>	<u>\$ 6,986,272</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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Income	Held in Perpetuity	
Donor-restricted endowment funds:				
Dr. David E. Rogers Innovation Fund	\$ -	\$ -	\$ 1,818,064	1,818,064
Sean Sasser Memorial Fund	-	-	81,936	81,936
Board-designated funds:				
John Taylor Memorial Fund	14,898	-	-	14,898
	<b>\$ 14,898</b>	<b>\$ -</b>	<b>\$ 1,900,000</b>	<b>\$ 1,914,898</b>

Endowment net asset composition by type of fund as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Income	Held in Perpetuity	
Donor-restricted endowment funds:				
Dr. David E. Rogers Innovation Fund	\$ -	\$ -	\$ 1,818,064	1,818,064
Sean Sasser Memorial Fund	-	-	81,936	81,936
Board-designated funds:				
John Taylor Memorial Fund	14,898	-	-	14,898
	<b>\$ 14,898</b>	<b>\$ -</b>	<b>\$ 1,900,000</b>	<b>\$ 1,914,898</b>

**AIDS UNITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 8 – ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the years ended December 31, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Income	Held in Perpetuity	
Endowment net assets at December, 2020	\$ 14,898	\$ -	\$ 2,255,187	\$ 2,270,085
Investment, net	-	-	(355,187)	(355,187)
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets at December, 2021	14,898	-	1,900,000	1,914,898
Investment, net	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets at December, 2022	<b>\$ 14,898</b>	<b>\$ -</b>	<b>\$ 1,900,000</b>	<b>\$ 1,914,898</b>

**NOTE 9 – 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 2022 and 2021. Employees are fully vested in the employer contributions. For the years ended December 31, 2022 and 2021, pension expense was \$113,536 and \$163,682, 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, 2022 AND 2021**

**NOTE 10 – 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 291,338 and \$599,237 at December 31, 2022 and 2021, respectively.

Office rent expense for the years ended December 31, 2022 and 2021, was \$321,919 and \$339,614, 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, 2022 and 2021, totaled approximately \$0 and \$0, respectively.

Future minimum lease payments are as follows:

	Office Lease	Equipment Leases	Total
Years ending December 31:			
2022	\$ 328,469	\$ -	\$ 328,469
2023	336,681	-	336,681
2024	345,098	-	345,098
2025	353,725	-	353,725
2026	360,800	-	360,800
Thereafter	155,020	-	155,020
Totals	<u>\$ 1,879,793</u>	<u>\$ -</u>	<u>\$ 1,879,793</u>

**Sublease:** AU subleased a portion of its office space during the year. Sublease income for each of the years ended December 31, 2022 and 2021, was \$188,700 and \$47,847, respectively.

**AIDS UNITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 10 – 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, 2021, and is to terminate on May 30, 2028.

Future minimum sublease receipts are as follows:

Years ending December 31:	
2022	\$ 175,764
2023	182,800
2024	190,112
2025	197,716
2026	84,542
Thereafter	-
Total	<u>\$ 830,934</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.



**AIDS UNITED**  
**COMPLIANCE SECTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**



**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, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended December 31, 2022, and have issued our report thereon dated September 15, 2023.

**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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.



**PARTNERS**  
Certified Public Accountants

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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**

**September 15, 2023**



**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**

***Opinion on Each Major Federal Program***

We have audited AIDS United's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of AIDS United's major federal programs for the year ended December 31, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of AIDS United and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of AIDS United's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to AIDS United's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on AIDS United's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about AIDS United's compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding AIDS United's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of AIDS United's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of AIDS United's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

**Pembroke  
Pines, FL  
September 15, 2023**

*BAS Partners LLC*

**AIDS UNITED**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/Pass-Through Grantor</b>	<b>Federal Assistance Listing Number</b>	<b>Contract Number</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>Program Title</b>					
Department of Health and Human Services					
Centers for Disease Control & Prevention (CDC)					
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	1U62PS004991-01		\$ 292,599	\$ -
Capacity Building Assistance (CBA) for High-Impact HIV Prevention	93.834	NU65PS923678-01-02		867,574	-
* Special Projects of National Significance	93.928	U90HA2937-04-00		4,514,255	-
Heath Resources & Services Administration (HRSA)					
Pass through from Fenway Community Health Center, Inc.					
HIV Emergency Relief Project Grants	93.914	U69HA31067	No 473-AU	1,776,867	-
<b>Total Expenditures of Federal Awards</b>				<b>\$ 7,451,295</b>	<b>\$ -</b>

\*- Denotes Major Programs Tested

**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, 2022**

**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, 2022. 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, 2022, 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, 2022**

**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: FALN Numbers**

**Name of Federal Program or Cluster**

93.928 Special Projects of National Significance

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, 2022**

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

**Current Year Findings**

None Noted

**Prior Year Findings**

None Noted

**AIDS UNITED**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SECTION III – COMPLIANCE SECTION FINDINGS**

**Current Year Findings**

None Noted

**Prior Year Findings**

None Noted

**END OF REPORT**