

AIDS Foundation of Chicago

Financial Statements and Supplemental
Information

Years Ended June 30, 2020 and 2019



**AIDS
FOUNDATION
CHICAGO**

WIPFLI

Independent Auditor's Report

To the Board of Directors
AIDS Foundation of Chicago
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of AIDS Foundation of Chicago, (a nonprofit organization), which comprise the statements of financial position as of June 30, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS Foundation of Chicago as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of public grant activity and schedule of program expenses are presented for purposes of additional analysis and are not a required part of the financial statements. 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of AIDS Foundation of Chicago's internal control over financial reporting and on 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 Foundation of Chicago'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 Foundation of Chicago's internal control over financial reporting and compliance.

Wipfli LLP

Chicago, Illinois
November 30, 2020

AIDS Foundation of Chicago

Statements of Financial Position

As of June 30,	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Assets				
Current assets				
Cash and cash equivalents	\$ 2,456,014	\$ 542,319	\$ 2,998,333	\$ 365,164
Certificate of deposits	125,818	-	125,818	-
Grants receivable	6,173,737	-	6,173,737	-
Other receivables	602,525	740,864	1,343,389	236,235
Prepaid expenses and deposits	419,071	-	419,071	-
Due from related party	483,575	-	483,575	-
Promises to give, current	7,000	-	7,000	8,250
Total current assets	10,267,740	1,283,183	11,550,923	601,399
Property and equipment				
Furniture, fixtures & equipment	2,434,145	-	2,434,145	-
Software	197,260	-	197,260	-
Total property and equipment	2,631,405	-	2,631,405	1,778,579
Less accumulated depreciation	(1,461,554)	-	(1,461,554)	(1,707,075)
Net property and equipment	1,169,851	-	1,169,851	71,504
Other assets				
Investments - collateral	601,629	-	601,629	-
Investments	2,556,979	-	2,556,979	-
Total other assets	3,158,608	-	3,158,608	3,130,056
Total assets	\$ 14,596,199	\$ 1,283,183	\$15,879,382	\$ 601,399
			\$ 14,290,042	\$ 14,891,441

See accompanying notes to financial statements.

AIDS Foundation of Chicago

Statements of Financial Position (Continued)

As of June 30,	2020		2019		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
<i>Liabilities and Net Assets</i>					
Current liabilities					
Grants payable	\$ 78,885	\$ -	\$ 78,885	\$ 15,000	\$ 15,000
Other payables	327,552	-	327,552	1,703,445	1,703,445
Line of credit	-	-	-	1,000,000	1,000,000
Deferred revenue	328,703	-	328,703	183,814	183,814
Accrued paid time off	487,114	-	487,114	387,008	387,008
Accrued interest	-	-	-	751	751
Unearned government grants	104,004	-	104,004	290,950	290,950
Total current liabilities	1,326,258	-	1,326,258	3,580,968	3,580,968
Deferred rent	309,415	-	309,415	11,979	11,979
Deferred lease incentive	548,498	-	548,498	-	-
Refundable advance liability	1,627,865	-	1,627,865	-	-
Total liabilities	3,812,036	-	3,812,036	3,592,947	3,592,947
Net assets					
Without donor restrictions	3,933,247	-	3,933,247	3,693,973	3,693,973
Without donor restrictions - board designated	6,850,916	-	6,850,916	7,003,122	7,003,122
With donor restrictions	-	1,283,183	1,283,183	601,399	601,399
Total net assets	10,784,163	1,283,183	12,067,346	10,697,095	11,298,494
Total liabilities and net assets	\$ 14,596,199	\$ 1,283,183	\$ 15,879,382	\$ 14,290,042	\$ 601,399
					\$ 14,891,441

See accompanying notes to financial statements.

AIDS Foundation of Chicago

Statements of Activities and Changes in Net Assets

Years Ended June 30,	2020		2019		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue					
Government grants	\$ 26,805,904	-	\$ 26,805,904	\$ 25,255,791	-
Special events					\$ 25,255,791
Gross proceeds	1,274,920	-	1,274,920	1,193,811	-
Less direct expenses	(470,806)	-	(470,806)	(455,702)	-
Community Links revenue	584,045	-	584,045	620,144	-
Foundation and corporate grants	1,584,750	1,268,431	2,853,181	1,162,319	513,700
Individual contributions	362,740	-	362,740	441,964	-
Bequests	443,429	-	443,429	24,229	-
Management fee income	355,877	-	355,877	370,377	-
Program income	101,643	-	101,643	64,360	-
Investment income, net	81,081	-	81,081	129,222	-
Other revenue	314,386	-	314,386	50,897	-
Net assets released from restrictions	586,647	(586,647)	-	821,325	(821,325)
Total support and revenue and assets released from restrictions	\$ 32,024,616	\$ 681,784	\$ 32,706,400	\$ 29,678,737	\$ (307,625)
					\$ 29,371,112

See accompanying notes to financial statements.

AIDS Foundation of Chicago

Statements of Activities and Changes in Net Assets (Continued)

Years Ended June 30,	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program services	\$ 28,582,526	\$ -	\$ 28,582,526	\$ 26,960,196	\$ -	\$ 26,960,196
Management and general	2,032,925	-	2,032,925	1,461,834	-	1,461,834
Fundraising	1,322,097	-	1,322,097	1,050,298	-	1,050,298
Total expenses	31,937,548	-	31,937,548	29,472,328	-	29,472,328
Change in net assets	87,068	681,784	768,852	206,409	(307,625)	(101,216)
Net assets at beginning of year	10,697,095	601,399	11,298,494	10,490,686	909,024	11,399,710
Net assets at end of year	\$ 10,784,163	\$ 1,283,183	\$ 12,067,346	\$ 10,697,095	\$ 601,399	\$ 11,298,494

See accompanying notes to financial statements.

AIDS Foundation of Chicago

Statements of Functional Expenses

Years Ended June 30,	2020				2019			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries and related expenses	\$ 5,318,937	\$ 1,623,324	\$ 833,115	\$ 7,775,376	\$ 5,165,052	\$ 1,159,958	\$ 761,715	\$ 7,086,725
Occupancy	978,633	140,170	122,072	1,240,875	444,653	59,451	59,257	563,361
Contractual services	489,392	135,875	110,839	736,106	386,216	78,975	20,667	485,858
Office supplies and expenses	414,602	44,564	184,385	643,551	353,384	32,465	108,856	494,705
Meetings and subscriptions	249,563	50,233	16,272	316,068	368,393	70,027	21,997	460,417
Public education	82,509	-	15,060	97,569	106,240	-	13,457	119,697
Fees and other expenses	169	38,759	40,354	79,282	-	60,958	64,349	125,307
Grant expense	732,507	-	-	732,507	350,063	-	-	350,063
Direct client support	4,949,624	-	-	4,949,624	7,722,197	-	-	7,722,197
Tenant rent write off	198,496	-	-	198,496	184,440	-	-	184,440
Subcontractor expense	15,168,094	-	-	15,168,094	11,879,558	-	-	11,879,558
Special event expenses, direct donor benefit	-	-	470,806	470,806	-	-	455,702	455,702
Total expenses	28,582,526	2,032,925	1,792,903	32,408,354	26,960,196	1,461,834	1,506,000	29,928,030
Expenses included on the Statement of Activities								
Direct Benefit Donor Expenses	-	-	(470,806)	(470,806)	-	-	(455,702)	(455,702)
Total expenses	\$28,582,526	\$ 2,032,925	1,322,097	\$ 31,937,548	\$ 26,960,196	\$ 1,461,834	\$ 1,050,298	\$ 29,472,328

See accompanying notes to financial statements.

AIDS Foundation of Chicago

Statements of Cash Flows

<i>Years Ended June 30,</i>	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 768,852	\$ (101,216)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	234,538	99,680
Donated stock	(4,344)	(4,831)
Realized/unrealized (gain) loss on investments	19,777	(61,580)
(Increase) decrease in:		
Grants and other receivables	1,276,904	(4,339,398)
Prepaid expenses	59,963	(149,437)
Security deposit	(899)	(599,480)
Due from related party	(174,372)	(124,286)
Increase (decrease) in:		
Grants payable	63,885	(94,768)
Refundable advance liability	1,627,865	-
Other payables	(430,604)	1,343,609
Deferred revenue	144,889	564
Unearned government grants	(186,946)	30,238
Net cash from operating activities	3,399,508	(4,000,905)
Cash flow from investing activities		
Purchase of equipment and software	(1,332,885)	(27,995)
Purchase of investments	(43,086)	(62,315)
Increase in certificate of deposits	(278)	(122)
Net cash from investing activities	(1,376,249)	(90,432)
Cash flow from financing activities		
Borrowing on line of credit	-	1,000,000
Repayments on line of credit	(1,000,000)	-
Net cash from financing activities	(1,000,000)	1,000,000
Change in cash	1,023,259	(3,091,337)
Cash and cash equivalents, beginning of year	1,975,074	5,066,411
Cash and cash equivalents, end of year	\$ 2,998,333	\$ 1,975,074

See accompanying notes to financial statements.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

AIDS Foundation of Chicago ("the Foundation") was incorporated on November 13, 1985, as an Illinois not-for-profit corporation and began operations on May 1, 1986. The Foundation mobilizes communities to create equity and justice for people living with and vulnerable to HIV and related chronic diseases. The Foundation brings together service providers and funders to develop systems that meet the needs of those living with HIV/AIDS and to maximize the use of scarce resources. The Foundation manages local, state, and federal funds for an array of AIDS-related services including case management, housing, prevention and advocacy. By assisting government entities in planning, distributing, and monitoring service contracts, the Foundation helps develop provider expertise and promotes uniform and high-quality delivery across the region. The Foundation also spearheads policy initiatives to improve services for, and protect the rights of, people living with and vulnerable to HIV.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets. A definition of each class follows:

- *Net Assets without donor restrictions:* Net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors. The governing board has designated, from net assets without donor restrictions, various board-designated reserves.
- *Net Assets with donor restrictions:* Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Foundation has no net assets with donor restrictions that are perpetual in nature.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of checking and money market accounts.

Contribution Revenue

Contributions, including unconditional promises to give, are recognized as revenue when received. Conditional contributions and promises to give are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Assets received for which the condition has not been satisfied are recorded as a refundable advance liability.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Grants and Other Receivables

Other receivables consist of contributions, miscellaneous fees and trade receivables. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history. The Foundation considers these receivables to be collectible and, therefore, no allowance for uncollectible amounts has been recorded. If an account becomes uncollectible, it will be written off at that time. While GAAP requires the usage of the allowance method, the direct writeoff method is materially consistent with what the allowance method would require.

Grants receivable consists of amounts due from funding organizations for reimbursable expenses incurred in accordance with the related agreements.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is recorded at cost (if purchased) or at estimated fair value at time of donation (if donated). Property and equipment purchased at a cost exceeding \$1,000 are capitalized. Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation is calculated using the straight line method over their estimated useful lives, which range from three to fifteen years. Leasehold improvements are amortized over the lesser of the useful lives of the assets or the terms of the lease.

Investments

Investments are carried at fair value (Note 7) and consist of money market, common stock, fixed income securities and mutual funds. All interest, dividends, and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions. Investment fees, including direct internal investment expenses, if any, are netted with return on the statements of activities.

Deferred Rent

The Foundation recognizes rent expense on the straight-line method over the term of its office space lease. The cumulative excess of the amounts expensed over the payments required under the lease is recorded as deferred rent. Deferred rent as of June 30, 2020 and 2019 is \$309,415 and \$11,979, respectively, and is included in liabilities on the statements of financial position.

Functional Allocation of Expenses

The costs of providing program and supporting services has been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function based on time and effort. The Foundation charges direct program expenses directly to each program. The Foundation uses a salary allocation based on time and effort to allocate all shared costs to program, management and general or fundraising.

Rental Subsidy

The Foundation participates in a rental subsidy program partially funded by the Department of Housing and Urban Development (HUD). As part of this program, the Foundation began collecting rent directly from tenants as a pass-through to the landlords of the properties. The tenants are listed in the lease agreements and the Foundation is complying with a HUD guideline that requires the Foundation to pay the landlords 100% of the tenant's portion of the rent. As such, the tenant's portion of the rent paid to the Foundation and passed through to the landlord is considered an agency transaction and is not reported in revenues or expenses on the financial statements. The amount of passed through tenant rent was \$454,561 and \$451,805 for the years ended June 30, 2020 and 2019, respectively.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Foundation has been classified by the Internal Revenue Service as an organization exempt from income taxes (not a private foundation) under Internal Revenue Code Section 501(c) (3) and, accordingly, no provision for such taxes is made in the statements. The Foundation continues to operate in compliance with its tax-exempt purpose. Management does not believe its financial statements include uncertain tax positions.

Change in Accounting Policy

On June 21, 2018, the FASB issued ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The entity has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification ("ASC") Topic 606, Revenue Recognition, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for years beginning after December 15, 2020. The Foundation is currently evaluating the impact of the provisions of ASC 606.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for substantially all leases with lease terms in excess of twelve months. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021, and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Foundation continues to evaluate the effect that the implementation of this ASU will have on its financial statements and related disclosures.

Subsequent Events

The Foundation has evaluated subsequent events through November 30, 2020, which is the date the financial statements were available to be issued.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassification

Certain amounts as previously reported in the June 30, 2019 financial statements have been reclassified to conform to the June 30, 2020 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets and include the expense classifications on the statement of functional expenses.

Note 2: Liquidity and Availability of Financial Resources

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

<i>As of June 30,</i>	2020	2019
Cash and cash equivalents	\$ 2,998,333	\$ 1,975,074
Certificate of deposits	125,818	125,540
Grants receivable	6,173,737	5,635,476
Investments	2,556,979	2,529,326
Other receivables	1,343,389	3,157,304
Promises to give, current	7,000	8,250
Total financial assets	13,205,256	13,430,970
Less: grants and other payables	(406,437)	(1,718,445)
Board designated - reserves (Note 10)	(6,850,916)	(7,003,122)
Donor restricted - time or purpose	(1,283,183)	(601,399)
Financial assets available to meet general expenditures within one year	\$ 4,664,720	\$ 4,108,004

The Foundation does not have a formal liquidity policy, but generally strives to maintain liquid financial assets sufficient to cover operating expenses for government grants. In the event of unanticipated liquidity needs, the Foundation could draw up to \$1,500,000 on a line of credit with Merrill Lynch. Additionally, the majority portion of the board designated reserves are for operating expenses and could be used to meet general expenditures within one year.

Note 3: Concentration of Credit Risk

The Foundation maintains bank accounts included in cash and in investments in major Chicagoland banks in excess of the Federal Deposit Insurance Corporation's \$250,000 limit. At times throughout the year bank balances exceeded FDIC insured limits. The Foundation has not experienced any loss in these accounts. The Foundation believes it is not exposed to any significant credit risk on its cash balance.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 4: Concentration of Contributions

For the year ended June 30, 2020, approximately 73% of the Foundation's revenue was earned under various contracts from three funding sources. For the year ended June 30, 2020, the Foundation recognized revenue of \$24,065,448 from these funding sources. As of June 30, 2020, these three funding sources owed the Foundation \$5,716,802.

For the year ended June 30, 2019, approximately 78% of the Foundation's revenue was earned under various contracts from three funding sources. For the year ended June 30, 2019, the Foundation recognized revenue of \$22,978,241 from these funding sources. As of June 30, 2019, these three funding sources owed the Foundation \$5,474,535

Note 5: Commitments and Contingencies

The Foundation has entered into an amended lease agreement, classified as an operating lease, for office space. Rent expense under this lease totaled \$79,155 and \$367,515 for the years ending June 30, 2020 and 2019, respectively. The lease expired on August 30, 2019.

On January 10, 2019, the Foundation entered into a new lease agreement for office space, classified as an operating lease, with an unrelated third-party, which will expire August 31, 2034. Rent expense under this lease totaled \$353,258 for the year ended June 30, 2020.

Minimum lease commitments over the next five years are as follows:

Years Ending June 30:

2021	\$ 536,530
2022	551,231
2023	556,377
2024	647,082
2025	798,486
Thereafter	8,442,568
Total	\$ 11,532,274

Under the terms of the new lease, for the premises located at 200 W Monroe, the Foundation must have a security deposit of \$600,000. The security deposit may be in the form of a letter of credit or investments. As of June 30, 2020, the Foundation has a standby letter of credit, for the benefit of the landlord, of \$601,629 with Bank of America.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 5: Commitments and Contingencies (Continued)

At the start of this lease the landlord reimbursed the Foundation for construction costs related to leasehold improvements. \$580,763 of these costs are considered to be furniture and equipment that the Foundation owns. The reimbursement from the landlord is conditional on the completion of the construction project and timely payment of rent over the life of the lease. The Foundation recorded this reimbursement as a deferred lease benefit and will amortize it over the life of the lease. For the year ended June 30, 2020, the Foundation recorded \$32,265 of lease incentive revenue.

The Foundation is involved in various legal proceedings from time-to-time in the normal course of business. It is the opinion of management that any judgment or settlement resulting from pending or threatened litigation would not have a material adverse effect on the financial position or operations of the Foundation.

Beginning in March 2020, the United States economy began suffering adverse effects from the Covid 19 virus crisis ("CV19 Crisis"). As of the date of issuance of the financial statements the AIDS Foundation of Chicago has started to see adverse impacts of the CV19 Crisis in the form of greatly increased client needs, as well as the necessity of rescheduling important in-person special events. The future impact of the CV19 Crisis on the AIDS Foundation of Chicago cannot be reasonably estimated at this time.

At June 30, 2020 and 2019, the Foundation had commitments under various grants of approximately \$18,222,234 and \$18,738,186, respectively. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Note 6: Fair Value Measurements

The Foundation's assets are reported at fair value, as defined by GAAP, to classify the source of the information measuring fair value.

Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

Level I - Quoted market prices in active markets for identical assets or liabilities.

Level II - Observable market-based inputs or unobservable inputs corroborated by market data.

Level III - Unobservable inputs not corroborated by market data.

The Foundation did not have any nonfinancial assets recorded at fair value on a recurring basis at June 30, 2020 and 2019.

Investment money market fund valuations are based on quoted net asset value (NAV) of shares held at year-end and are classified as Level 2 investments.

Common stock, fixed income securities and mutual funds are valued based on the closing price reported on the active market on which the securities are traded at year-end, and are classified as Level 1 investments.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 6: Fair Value Measurements (Continued)

Fair value measurements recorded on a recurring basis at June 30, 2020 and 2019, were as follows:

<i>As of June 30, 2020</i>	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investment money market	\$ 93,472	\$ -	\$ 93,472	\$ -
Common stock	1,123,005	1,123,005	-	-
Fixed income securities	295,977	295,977	-	-
Mutual funds	1,044,525	1,044,525	-	-
Total	\$ 2,556,979	\$ 2,463,507	\$ 93,472	\$ -

<i>As of June 30, 2019</i>	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investment money market	\$ 74,985	\$ -	\$ 74,985	\$ -
Common stock	1,119,961	1,119,961	-	-
Fixed income securities	387,025	387,025	-	-
Mutual funds	947,355	947,355	-	-
Total	\$ 2,529,326	\$ 2,454,341	\$ 74,985	\$ -

Note 7: Summary of Investments

Investments consisted of the following as of June 30, 2020:

Description	Cost	Market
Investment money market	\$ 93,472	\$ 93,472
Common stock	1,040,629	1,123,005
Fixed income securities	268,654	295,977
Mutual funds	1,020,720	1,044,525
Total investments	\$ 2,423,475	\$ 2,556,979

AIDS Foundation of Chicago

Notes to Financial Statements

Note 7: Summary of Investments (Continued)

Investments consisted of the following as of June 30, 2019:

Description	Cost	Market
Investment money market	\$ 74,985	\$ 74,985
Common stock	1,050,766	1,119,961
Fixed income securities	368,591	387,025
Mutual funds	956,007	947,355
Total investments	\$ 2,450,349	\$ 2,529,326

Investment income for the years ended 2020 and 2019 are summarized as follows:

	2020	2019
Dividends and interest	\$ 131,576	\$ 106,879
Unrealized gains/(losses)	6,356	46,813
Realized gains/(losses)	(26,133)	14,767
Investment fees	(30,718)	(39,237)
Net investment income	\$ 81,081	\$ 129,222

Note 8: Line of Credit

The Foundation has an available revolving line of credit with Merrill Lynch under terms of a Loan Management Account Agreement ("LMA") that can be terminated by request of the bank. The line is collateralized by investments held at Merrill Lynch in the LMA Account. Interest is payable at a variable interest rate determined by Merrill Lynch on a monthly basis. The amount of the line of credit is determined based on the investments held by Merrill Lynch in the LMA Account.

At June 30, 2020, the Foundation had investments of \$2,550,716 at Merrill Lynch and an available line of credit of \$1,509,882. At June 30, 2019, the Foundation had investments of \$2,472,157 at Merrill Lynch and an available line of credit of \$310,345.

Two of the Foundation's largest government grants end in February and March. During the time that the contracts are being renewed, the reimbursement period is longer than the normal two to three months. This added delay in reimbursement could create a short-term cash flow issue, which the Foundation would address, if necessary, by borrowing against its securities using the Line of Credit. Amounts outstanding at June 30, 2020 and 2019 were \$0 and \$1,000,000, respectively.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 9: Refundable Advance Liability – Paycheck Protection Program

At June 30, 2020, the Foundation had a refundable advance liability of \$1,627,825. This amount represents the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Foundation has determined the award is a conditional grant and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

The Foundation has interpreted the condition of the award to be the approval of the forgiveness application by the lender and SBA and the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, during a covered period of either 8 or 24 weeks and the submission of the forgiveness application. Should the conditions of the award not be substantially met or explicitly waived, all or a portion of the award will be treated as a loan bearing interest at 1% and repayable in monthly amounts of principal and interest of \$91,610, beginning November 29, 2020 with final maturity April 29, 2022. The Foundation anticipates that the conditions of the award will be substantially met and the full amount of the award will be recognized as revenue.

Note 10: Board Designated Funds

Board designated funds at June 30, 2020 and 2019 consist of the following:

	2020	2019
Three months of core operating expenses	\$ 2,776,422	\$ 2,578,628
Cash flow for public grant expenses	3,000,000	2,500,000
Service innovation and expansion	-	250,000
Fund for the future	1,074,494	1,074,494
Funds for new office building	-	250,000
Funds for new electronic client information system	-	350,000
Total	\$ 6,850,916	\$ 7,003,122

The \$2,776,422 represents three months of the Foundation's operating expenses as a safety measure to continue operations in the event of a sudden unexpected loss of revenue from either public or private sources. The amount is considered necessary to allow the Foundation to implement a transition mechanism that will minimize the impact on the HIV/AIDS system of programs and services.

The \$3,000,000 cash flow reserve is used to cover cash flow shortages resulting from on-going delays in public grant reimbursements. The Foundation's annual public grants are approximately \$26,500,000 (\$2,201,000 monthly), and the Foundation is typically reimbursed two to three months after the expenses have been paid. The combined board designated funds and unrestricted funds allow the Foundation to fully cover the cash requirements of the public grants system throughout the year.

The \$250,000 reserve for Service Innovation and Expansion represents a cash reserve created for program expansion, innovation, and new initiatives. These funds were expended during fiscal year ending June 30, 2020.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 10: Board Designated Funds (Continued)

The \$1,074,494 represents a reserve designated for the future by the board. In 2009, the Foundation initiated solicitation for a permanent endowment fund. In 2014, the Foundation obtained permission from the donors to release these funds to a new Board Designated Fund for the Future. Interest, dividends and realized gains are to be used to support operations. The funds raised and collected to date are invested in mutual funds through Merrill Lynch.

On June 22, 2018, the Board voted to designate \$250,000 for the Foundation's move to a new office building (scheduled for July or August 2019) and \$350,000 for a new electronic client information system to be implemented in FY20. During the fiscal year ending June 30, 2020, the Foundation moved to the new location and purchased the new electronic client information system. As a result the Board released these funds from designations.

Note 11: Net Assets with Donor Restriction

At June 30, 2020 and 2019, net assets with donor restriction, which have either purpose or time restrictions, consisted of the following:

<i>Years Ended June 30,</i>	2020	2019
<i>Purpose restricted:</i>		
Better Housing & Health	\$ -	\$ 182,346
Ensuring Access to HIV Care	48,564	38,718
Getting to Zero	313,267	55,099
Outreach for Safe Senior Living	14,752	40,000
PrEP	-	141,136
Program SpeakUp	50,000	50,000
Supportive Housing	100,000	-
COVID 19 Response	321,739	-
Women's Connection	91,890	29,953
Other Programs	7,971	64,147
<i>Time Restricted - general operations for future periods</i>	335,000	-
Total net assets with donor restrictions	\$ 1,283,183	\$ 601,399

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. Net assets released from restrictions due to an event totaled \$586,647 and \$681,325, respectively, for the years ended June 30, 2020 and 2019. Net assets released from restrictions due to a passage of time totaled \$0 and \$140,000, for the years ended June 30, 2020 and 2019, respectively.

AIDS Foundation of Chicago

Notes to Financial Statements

Note 12: Special Events

The Foundation's largest special events include the AIDS Run and Walk held in the Fall, the Team to End AIDS activities held in connection with the Bank of America Half Marathon held in the Fall each year and Chicago Marathon run in October and A World of Chocolate held in late Fall.

The Foundation's gross proceeds from special events were as follows:

<i>Years Ended June 30,</i>	2020	2019
AIDS Run and Walk	\$ 634,039	\$ 571,622
Team to End AIDS	425,130	367,813
A World of Chocolate	190,426	210,405
Other Events	25,325	43,971
Totals	\$ 1,274,920	\$ 1,193,811

Note 13: Related Party Transactions

The Foundation formed the Center for Housing and Health "CHH" as a supporting organization. CHH was organized to promote the coordination, research, evaluation and policy development of housing and health programs that serve vulnerable populations in the Chicago Metropolitan area. CHH and the Foundation have common board membership. The Foundation provides CHH with the use of personnel and Foundation certain operating expenses. Additionally, the Foundation contributes unrestricted funds to CHH as well as pass through federal grants. Consolidated financial statements are being issued combining activity for both the Foundation and CHH. They have been issued under a separate cover.

The following is a summary of activity included in the financial statements:

Included in statements of financial position

<i>Years Ended June 30,</i>	2020	2019
Due from Related Party	\$ 483,575	\$ 309,203

Included in statements of activities

<i>Years Ended June 30,</i>	2020	2019
Federal Pass-Through Grants	\$ 890,915	\$ 1,101,504

AIDS Foundation of Chicago

Notes to Financial Statements

Note 14: Retirement Plan

The Foundation maintains a 401(K) employee benefit plan, whereby the Foundation makes contributions of 5% of eligible salary to the plan for each employee meeting length of service requirements (three months). Eligible employees can also make voluntary contributions to the plan. The cost to the Foundation was \$278,447 and \$255,399 for the years ended June 30, 2020 and 2019, respectively.

Supplementary Information

AIDS Foundation of Chicago

Schedule of Program Expenses

For the Year Ended June 30, 2020	Service				Total
	Coordination- Programs Public	Advocacy & Public Policy	Programs - Private	Total	
Salaries and related expenses	\$ 3,513,871	\$ 851,308	\$ 953,758	\$ 5,318,937	
Occupancy	624,528	150,913	203,192	978,633	
Contractual services	282,694	64,072	142,626	489,392	
Office supplies and expenses	284,171	53,811	76,620	414,602	
Meetings and subscriptions	51,457	105,172	92,934	249,563	
Public education	-	57,368	25,141	82,509	
Fees and other expenses	-	75	94	169	
Grant expense	-	455,595	276,912	732,507	
Direct client support	4,803,132	2,098	144,394	4,949,624	
Tenant rent write off	198,496	-	-	198,496	
Subcontractor expense	15,168,094	-	-	15,168,094	
Totals	\$ 24,926,443	\$ 1,740,412	\$ 1,915,671	\$ 28,582,526	

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AIDS Foundation of Chicago

Schedule of Public Grant Activity

For the Year Ended June 30, 2020	Part A	Part B	HOPWA	Safe Start 1	HUD RHHP
Funding Agency	Chicago Dept. of Public Health	Illinois Dept. of Public Health	Chicago Dept. of Public Health	U.S. Dept. of Housing & Urban Dev.	U.S. Dept. of Housing & Urban Dev.
Grant Period	3/1/20-2/28/21	4/1/19-3/31/20	1/1/20-12/31/20	5/1/20-4/30/21	-
Total Grant Award	\$ 5,547,900	\$ 3,902,362	\$ 5,650,000	\$ 1,987,179	\$ -
Grant Period	3/1/19-2/29/20	4/1/19-3/31/20	3/1/19-12/31/19	5/1/19-4/30/20	8/1/17-7/31/20
Total Grant Award	\$ 5,800,283	\$ 4,746,886	\$ 3,472,113	\$ 1,950,490	\$ 1,423,648
Grant Awards:					
Uncollected Grant Awards 6/30/19	\$ 5,800,283	\$ 5,074,654	\$ 2,708,721	\$ 1,917,780	\$ 584,491
New Grant Awards	5,547,900	3,902,362	5,650,000	1,987,179	-
Grant Collected or Adjusted	(5,737,267)	(4,501,075)	(4,052,134)	(1,793,463)	(462,502)
Uncollected Grant Awards 6/30/20	\$ 5,610,916	\$ 4,475,941	\$ 4,306,587	\$ 2,111,496	\$ 121,989
Unearned Grant Commitments:					
Unearned Grant 6/30/19	\$ 4,427,776	\$ 3,953,899	\$ 1,537,487	\$ 1,600,567	\$ 444,069
New Grant Awards	5,547,900	3,902,362	5,650,000	1,987,179	-
Grants Expended and Earned	(5,694,855)	(4,850,248)	(3,948,588)	(1,911,237)	(435,956)
Expenditures	-	1,231	(519)	-	-
Adjustment	-	-	-	-	-
Remaining Grant Commitments 6/30/20	\$ 4,280,821	\$ 3,007,244	\$ 3,238,380	\$ 1,676,509	\$ 8,113

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AIDS Foundation of Chicago

Schedule of Public Grant Activity

For the Year Ended June 30, 2020	Corrections Initiative	Part B Collar Counties	HOPWA RCN	Chronic Homeless Samaritan	HOPWA CHHP
Funding Agency	Illinois Dept. of Public Health	Illinois Dept. of Public Health	U.S. Dept. of Housing & Urban Dev.	U.S. Dept. of Housing & Urban Dev.	U.S. Dept. of Housing & Urban Dev.
Grant Period	4/1/19-3/31/20	4/1/20-3/31/21	9/1/19-8/31/20		
Total Grant Award	\$ 5,000	\$ 1,020,963	\$ -	\$ 2,882,160	\$ -
Grant Period	4/1/19-3/31/20	4/1/19-3/31/20	2/1/19-1/31/22	9/1/18-8/31/19	2/1/18-1/31/21
Total Grant Award	\$ 543,667	\$ 1,017,231	\$ 1,450,980	\$ 2,882,160	\$ 1,382,574
Grant Awards:					
Uncollected Grant Awards 6/30/19	\$ 543,667	\$ 1,017,231	\$ 1,390,827	\$ 986,134	\$ 848,216
New Grant Awards	5,000	1,020,963	-	2,882,160	-
Grant Collected or Adjusted	(548,667)	(961,735)	(569,188)	(3,095,611)	(402,848)
Uncollected Grant Awards 6/30/20	\$ -	\$ 1,076,459	\$ 821,639	\$ 772,683	\$ 445,368
Unearned Grant Commitments:					
Unearned Grant 6/30/19	\$ 474,360	\$ 839,403	\$ 1,245,198	\$ 545,412	\$ 806,247
New Grant Awards	5,000	1,020,963	-	2,882,160	-
Grants Expended and Earned	(471,745)	(986,494)	(533,539)	(2,859,999)	(433,962)
Expenditures	(7,615)	(3,746)	-	-	5,233
Adjustment					
Remaining Grant Commitments 6/30/20	\$ -	\$ 870,126	\$ 711,659	\$ 567,573	\$ 377,518

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AIDS Foundation of Chicago

Schedule of Public Grant Activity

	IDHS Supportive Housing		IDPH PACPI	SAMHSA	H&H CDPH
<i>For the Year Ended June 30, 2020</i>					
Funding Agency	Illinois Dept. of Human Services		Pediatric AIDS Chicago Prevention Initiative	SAMHSA	Chicago Dept. of Public Health
Grant Period	7/1/19-6/30/20	9/30/19-9/29/20	1/1/20-12/31/20		
Total Grant Award	\$ 638,888	\$ -	\$ 500,000	\$ 480,965	
Grant Period	7/1/18-6/30/19	4/1/19-3/30/20	9/30/18-9/29/19	1/1/19-12/31/19	
Total Grant Award	\$ 602,286	\$ 768,106	\$ 499,010	\$ 482,412	
Grant Awards:					
Uncollected Grant Awards 6/30/19	\$ -	\$ 811,365	\$ 316,227	\$ 482,412	
New Grant Awards	638,888	-	500,000	480,965	
Grant Collected or Adjusted	(501,645)	(811,365)	(452,722)	(480,905)	
Uncollected Grant Awards 6/30/20	\$ 137,243	\$ -	\$ 363,505	\$ 482,472	
Unearned Grant Commitments:					
Unearned Grant 6/30/19	\$ 100,013	\$ 999,596	\$ 268,639	\$ 213,478	
New Grant Awards	638,888	-	500,000	480,965	
Grants Expended and Earned	(623,462)	(681,613)	(462,038)	(531,222)	
Expenditures	(11,435)	(317,983)	-	(739)	
Adjustment					
Remaining Grant Commitments 6/30/20	\$ 104,004	\$ -	\$ 306,601	\$ 162,482	

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AIDS Foundation of Chicago

Schedule of Public Grant Activity

For the Year Ended June 30, 2020

	IDPH HOPWA Collar	HRSA Safe & Sound	CDC	IDPH HOPWA Cook
Funding Agency	Illinois Dept. of Public Health	Dept. of Health & Human Services	FHI360	Illinois Dept. of Public Health
Grant Period	4/1/20-3/31/21	9/30/19-9/29/20	5/30/19-8/23/19	4/1/20-3/31/21
Total Grant Award	\$ 542,000	\$ 300,000	\$ 18,000	\$ 743,637
Grant Period	3/31/18-3/31/20	9/30/18-9/29/19	7/30/18-9/17/18	3/31/18-3/31/20
Total Grant Award	\$ 539,601	\$ 300,000	\$ 5,000	\$ 754,200
Grant Awards:				
Uncollected Grant Awards 6/30/19	\$ 539,601	\$ 209,048	\$ -	\$ 754,200
New Grant Awards	542,000	300,000	18,000	743,637
Grant Collected or Adjusted	(533,856)	(268,972)	(18,000)	(853,590)
Uncollected Grant Awards 6/30/20	\$ 547,745	\$ 240,076	\$ -	\$ 644,247
Unearned Grant Commitments:				
Unearned Grant 6/30/19	\$ 432,005	\$ 187,163	\$ -	\$ 579,097
New Grant Awards	542,000	300,000	18,000	743,637
Grants Expended and Earned	(534,916)	(292,920)	(18,000)	(864,803)
Expenditures	1,157	-	-	-
Adjustment	-	-	-	-
Remaining Grant Commitments 6/30/20	\$ 440,246	\$ 194,243	\$ -	\$ 457,931

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AIDS Foundation of Chicago

Schedule of Public Grant Activity

For the Year Ended June 30, 2020	PrEP CDPH	NIH-NCMHID	IDPH Re Entry Cook & Collar	YWCA	Total
Funding Agency	Chicago Dept. of Public Health	Medical College of Wisconsin	Illinois Dept. of Public Health	YWCA Metropolitan Chicago	
Grant Period	6/1/20-5/31/21	4/1/20-3/31/21	12/20/19-6/30/20		
Total Grant Award	\$ -	\$ 65,273	\$ 2,222,188	\$ 100,000	
Grant Period	9/1/17-9/29/18	6/1/19-5/31/20			
Total Grant Award	\$ 350,000	\$ 91,619	\$ -	\$ -	
Grant Awards:					
Uncollected Grant Awards 6/30/19	\$ 94,083	\$ 103,770	\$ -	\$ -	24,182,710
New Grant Awards	-	65,273	2,222,188	100,000	26,606,515
Grant Collected or Adjusted	(94,083)	(78,206)	-	(43,187)	(26,261,021)
Uncollected Grant Awards 6/30/20	\$ -	\$ 90,837	\$ 2,222,188	\$ 56,813	24,528,204
Unearned Grant Commitments:					
Unearned Grant 6/30/19	\$ 460	\$ 84,317	\$ -	\$ -	18,739,186
New Grant Awards	-	65,273	2,222,188	100,000	26,606,515
Grants Expended and Earned	-	(72,369)	(484,863)	(95,762)	(26,788,591)
Expenditures	(460)	-	-	-	(334,876)
Adjustment					
Remaining Grant Commitments 6/30/20	\$ -	\$ 77,221	\$ 1,737,325	\$ 4,238	18,222,234

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