

# **AIDS Foundation of Chicago**

## **Financial Statements and Independent Auditors' Report**

**June 30, 2023 and 2022**

## CONTENTS

---

	Page
INDEPENDENT AUDITORS' REPORT	3 - 5
FINANCIAL STATEMENTS	
Statements of Financial Position	6
Statements of Activities	7
Statements of Cash Flows	8 - 9
Statements of Functional Expenses	10
Notes to Financial Statements	11 - 32

# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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

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

#### **Opinion**

We have audited the accompanying financial statements of the AIDS Foundation of Chicago (the "Foundation"), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, cash flows, and functional expenses 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 the Foundation as of June 30, 2023 and 2022, 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 of America.

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note B-12 to the financial statements, the Foundation changed its method of accounting for leases effective July 1, 2022, due to the adoption of Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

(Continued)

### **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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives 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 auditors' 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 Auditing 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 judgment 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 judgment 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 Foundations' 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

(Continued)

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of the Foundation'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 to solely 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 the Foundation'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 the Foundation's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.



---

Certified Public Accountants

Deerfield, Illinois  
March 21, 2024

## **FINANCIAL STATEMENTS**

**AIDS Foundation of Chicago**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 2,425,050	\$ 355,132	\$ 2,780,182	\$ 2,452,079	\$ 1,315,370	\$ 3,767,449
Certificates of deposit	59,859	-	59,859	59,822	-	59,822
Investments - collateral	601,660	-	601,660	601,635	-	601,635
Investments	2,865,695	-	2,865,695	2,708,029	-	2,708,029
Grants receivable	5,810,966	-	5,810,966	5,801,795	-	5,801,795
Other receivables	243,810	607,000	850,810	575,389	1,346,482	1,921,871
Prepaid expenses and deposits	213,874	-	213,874	168,643	-	168,643
Due from related party	1,051,528	-	1,051,528	548,028	-	548,028
<b>Total current assets</b>	<u>13,272,442</u>	<u>962,132</u>	<u>14,234,574</u>	<u>12,915,420</u>	<u>2,661,852</u>	<u>15,577,272</u>
<b>LONG-TERM ASSETS</b>						
Property and equipment, net	650,358	-	650,358	753,757	-	753,757
Right-of-use assets, operating leases	7,031,585	-	7,031,585	-	-	-
<b>Total long-term assets</b>	<u>7,681,943</u>	<u>-</u>	<u>7,681,943</u>	<u>753,757</u>	<u>-</u>	<u>753,757</u>
<b>Total assets</b>	<u>\$ 20,954,385</u>	<u>\$ 962,132</u>	<u>\$ 21,916,517</u>	<u>\$ 13,669,177</u>	<u>\$ 2,661,852</u>	<u>\$ 16,331,029</u>
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 300,669	\$ -	\$ 300,669	\$ 232,833	\$ -	\$ 232,833
Grants payable	73,748	-	73,748	406,445	-	406,445
Accrued paid time off	456,955	-	456,955	396,309	-	396,309
Deferred revenue	238,116	-	238,116	310,243	-	310,243
Due to related party	50,000	-	50,000	50,000	-	50,000
Lease liabilities, operating leases, current portion	415,808	-	415,808	-	-	-
<b>Total current liabilities</b>	<u>1,535,296</u>	<u>-</u>	<u>1,535,296</u>	<u>1,395,830</u>	<u>-</u>	<u>1,395,830</u>
Deferred rent	-	-	-	804,646	-	804,646
Deferred lease incentive	-	-	-	471,064	-	471,064
Lease liabilities, operating leases, non-current portion	7,967,545	-	7,967,545	-	-	-
<b>Total long-term liabilities</b>	<u>7,967,545</u>	<u>-</u>	<u>7,967,545</u>	<u>1,275,710</u>	<u>-</u>	<u>1,275,710</u>
<b>NET ASSETS</b>						
Without donor restrictions	4,207,718	-	4,207,718	3,976,143	-	3,976,143
Without donor restrictions - board designated	7,243,826	-	7,243,826	7,021,494	-	7,021,494
With donor restrictions	-	962,132	962,132	-	2,661,852	2,661,852
<b>Total net assets</b>	<u>11,451,544</u>	<u>962,132</u>	<u>12,413,676</u>	<u>10,997,637</u>	<u>2,661,852</u>	<u>13,659,489</u>
<b>Total liabilities and net assets</b>	<u>\$ 20,954,385</u>	<u>\$ 962,132</u>	<u>\$ 21,916,517</u>	<u>\$ 13,669,177</u>	<u>\$ 2,661,852</u>	<u>\$ 16,331,029</u>

The accompanying notes are an integral part of these statements.

**AIDS Foundation of Chicago**  
**STATEMENTS OF ACTIVITIES**  
For the years ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Government grant	\$ 30,288,565	\$ -	\$ 30,288,565	\$ 28,448,947	\$ -	\$ 28,448,947
Contributions - foundation and corporate	1,089,814	473,125	1,562,939	1,616,457	2,319,082	3,935,539
Contribution - individual	405,536	-	405,536	437,901	-	437,901
Special events						
Gross proceeds	1,340,930		1,340,930	1,025,197		1,025,197
Less direct expenses	(517,507)	-	(517,507)	(422,410)	-	(422,410)
Bequests	1,090,419	-	1,090,419	1,027,540	-	1,027,540
Community links revenue	142,435	-	142,435	394,715	-	394,715
Management fee income	790,551	-	790,551	607,476	-	607,476
Program income	19,695	-	19,695	119,112	-	119,112
Contributed nonfinancial assets	96,830	-	96,830	-	-	-
Investment return, net	168,844	-	168,844	(436,730)	-	(436,730)
Other revenue	86,724	-	86,724	53,117	-	53,117
Net assets released from restrictions	2,172,845	(2,172,845)	-	720,919	(720,919)	-
<b>Total support and revenue</b>	<b>37,175,681</b>	<b>(1,699,720)</b>	<b>35,475,961</b>	<b>33,592,241</b>	<b>1,598,163</b>	<b>35,190,404</b>
Expenses						
Program services	32,626,477	-	32,626,477	30,809,708	-	30,809,708
Fundraising	1,412,781	-	1,412,781	1,203,942	-	1,203,942
Management and general	2,682,516	-	2,682,516	2,206,187	-	2,206,187
<b>Total expenses</b>	<b>36,721,774</b>	<b>-</b>	<b>36,721,774</b>	<b>34,219,837</b>	<b>-</b>	<b>34,219,837</b>
<b>CHANGE IN NET ASSETS</b>	<b>453,907</b>	<b>(1,699,720)</b>	<b>(1,245,813)</b>	<b>(627,596)</b>	<b>1,598,163</b>	<b>970,567</b>
Net assets, beginning of year	10,997,637	2,661,852	13,659,489	11,625,233	1,063,689	12,688,922
Net assets, end of year	<u>\$ 11,451,544</u>	<u>\$ 962,132</u>	<u>\$ 12,413,676</u>	<u>\$ 10,997,637</u>	<u>\$ 2,661,852</u>	<u>\$ 13,659,489</u>

The accompanying notes are an integral part of these statements.



**AIDS Foundation of Chicago**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (1,245,813)	\$ 970,567
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	192,936	253,958
Noncash component of operating leases expense	510,571	-
Realized/unrealized (gain) loss on investments	(116,896)	463,196
(Increase) decrease in assets		
Grants receivable	(9,171)	591,802
Other receivables	1,071,061	(990,344)
Prepaid expenses and deposits	(155,573)	117,742
Investments - collateral	(25)	-
Due from related party	(503,500)	(28,286)
Increase (decrease) in liabilities		
Grants payable	(332,697)	(147,434)
Accounts payable	67,836	(865,346)
Accrued paid time off	60,646	(171,227)
Deferred revenue	(72,127)	48,080
Deferred rent	-	240,265
Deferred lease incentive	-	(38,717)
Due to related party	-	50,000
Lease liabilities	(324,171)	-
Net cash (used in) provided by operating activities	<u>(856,923)</u>	<u>494,256</u>
Cash flows from investing activities		
Purchases of equipment and software	(89,537)	(30,866)
Purchases of investments	(1,067,764)	(702,660)
Proceeds from the sale of investments	1,026,994	712,214
Purchase of certificates of deposit	(37)	(23)
Net cash used in investing activities	<u>(130,344)</u>	<u>(21,335)</u>
Cash flows from financing activities		
Borrowings on line of credit	1,500,000	1,800,000
Repayments on line of credit	(1,500,000)	(1,800,000)
Net cash provided by financing activities	<u>-</u>	<u>-</u>

(Continued)

The accompanying notes are an integral part of these statements.

**AIDS Foundation of Chicago**  
**STATEMENTS OF CASH FLOWS (Continued)**  
For the years ended June 30, 2023 and 2022

---

	<u>2023</u>	<u>2022</u>
NET (DECREASE) INCREASE IN CASH	\$ (987,267)	\$ 472,921
Cash and cash equivalents, beginning of year	<u>3,767,449</u>	<u>3,294,528</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,780,182</u></u>	<u><u>\$ 3,767,449</u></u>
 <u>Supplemental disclosures of cash flow information</u>		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used for operating leases	<u><u>\$ 570,505</u></u>	<u><u>\$ -</u></u>
Right-of-use assets obtained in exchange for incurring operating lease liabilities		
Operating leases	<u><u>\$ 7,431,814</u></u>	<u><u>\$ -</u></u>

---

The accompanying notes are an integral part of these statements.

**AIDS Foundation of Chicago**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended June 30, 2023 and 2022

Miller Cooper & Co., Ltd.

	2023				2022			
	Program Services	Fundraising	Management and General Administration	Total Expenses	Program Services	Fundraising	Management and General Administration	Total Expenses
Salaries and related expenses	\$ 7,138,216	\$ 1,052,928	\$ 2,108,227	\$ 10,299,371	\$ 5,809,113	\$ 828,139	\$ 1,603,833	\$ 8,241,085
Contractual services	718,996	24,856	203,688	947,540	421,485	35,264	232,707	689,456
Occupancy	916,296	105,433	200,591	1,222,320	1,001,774	120,917	202,678	1,325,369
Office supplies and expenses	468,730	132,993	40,809	642,532	336,937	120,316	52,784	510,037
Meetings and subscriptions	387,136	29,006	109,655	525,797	188,698	41,434	69,174	299,306
Public education	60,930	9,339	-	70,269	60,677	9,717	500	70,894
Fees and other expenses	9,457	58,226	19,546	87,229	78	48,155	36,511	84,744
Grant expense	615,549	-	-	615,549	870,749	-	8,000	878,749
Direct client support	1,732,217	-	-	1,732,217	1,351,772	-	-	1,351,772
Subcontractor expense	20,578,950	-	-	20,578,950	20,768,425	-	-	20,768,425
Special events expense	-	517,507	-	517,507	-	422,410	-	422,410
	<u>32,626,477</u>	<u>1,930,288</u>	<u>2,682,516</u>	<u>37,239,281</u>	<u>30,809,708</u>	<u>1,626,352</u>	<u>2,206,187</u>	<u>34,642,247</u>
Less special event expense	-	(517,507)	-	(517,507)	-	(422,410)	-	(422,410)
	<u>\$ 32,626,477</u>	<u>\$ 1,412,781</u>	<u>\$ 2,682,516</u>	<u>\$ 36,721,774</u>	<u>\$ 30,809,708</u>	<u>\$ 1,203,942</u>	<u>\$ 2,206,187</u>	<u>\$ 34,219,837</u>

The accompanying notes are an integral part of these statements.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE A - ORGANIZATION AND NATURE OF THE BUSINESS

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor (or certain grantor) restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2023 and 2022, all of the Foundation's net assets with donor restrictions were temporary in nature.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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.

3. Investments

Investments are carried at fair value (Note E) and consist of mutual funds, common stock, fixed income securities, and investment money market accounts. These investments are stated at fair value, which is generally determined based on quoted market prices or estimated fair value, in the statements of financial position. Investment return represents interest, dividends, realized/unrealized gains and losses, and related expenses, and is included in the statement of activities. Investment income and gains are recorded as net assets without donor restrictions unless restricted by the donor. Investment fees including direct internal investment expenses are netted with investment returns on the statement of activities.

Investments are exposed to various risks such as interest rate, market, and credit risk. Because of the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investments balances and the amounts reported in the statements of financial position.

4. Grants and Other Receivables

*Grants receivable:* Grants receivable consists primarily of amounts due from funding organizations for reimbursable expenses incurred in accordance with related agreements. The Foundation considers grants receivable to be fully collectible, and, accordingly, no allowance of uncollectable accounts has been recorded.

*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. Management believes 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.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Revenue Recognition

Contribution Revenue

Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Interest and dividend income and realized and unrealized gains/losses resulting from contributions are reported as net assets without donor restrictions or net assets with donor restrictions, as designated by the donor.

Government Grants

The Foundation receives a substantial portion of its operating funds from government grants and awards. These funds are reported as without donor restrictions as the grants reimburse the Foundation for services already provided. Many activities funded by the federal government are carried out for the benefit of the general public, rather than to obtain goods or services for the government's own use. The primary beneficiary of the Foundation's activity is the general public, and not the government itself, the arrangement is not an exchange of commensurate value and thus, the transaction is nonreciprocal (i.e. non-exchange).

Most government grants are subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, revenue is not recorded for government grants until those conditions are met and if grants are paid in advance, the funds are reported as deferred revenue until those conditions are met. The funding agencies may at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Foundation with the terms of the grants/contracts.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Revenue Recognition (continued)

Bequests

The Foundation has been named as a beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Foundation has neither possession nor control over the assets of the trusts. At the date the Foundation receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

Donated assets

The Foundation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Revenue Recognition (continued)

*Special events*

Revenue from special events contains an exchange element based on the value of the benefits provided and a contribution element for the difference between the total amounts paid and the exchange element. The Foundation recognizes the exchange portion of special events revenue equal to the fair value of direct benefits to donors when the event takes place and contribution revenue for the excess received. The exchange portion of amounts received in advance of when the event occurs are presented as contract liabilities in deferred revenue.

*Community links*

Community Links revenue consists of fees charged to private insurers for medical case management for the HIV positive. The Foundation bills insurance companies monthly as the work is being performed. The transaction price charged to the private insurers is determined based on a standardized fee schedule. Revenue is recognized monthly based on the transaction price.

*Management fee income*

Management fee income consists of fees charged to a nonprofit organization. The Foundation has a management contract with the organization with a single performance obligation that is satisfied over time. Payment is due monthly as the Foundation meets the performance obligations listed in the contract.

6. 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 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.



**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

GAAP requires management to evaluate tax positions by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

8. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Fair Value

The carrying amounts of financial instruments, including grant receivables, other receivables, accounts payable, grants payable, due to related party, and other accrued expenses, approximate fair value due to the short maturity of these instruments.

It is the Foundation's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to the financial statements.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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, and fundraising.

11. 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 tenants' portion of the rent. As such, the tenants' 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 \$499,562 and \$495,021 for the years ended June 30, 2023 and 2022, respectively.

12. Leases

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, (Topic 842) in February 2016, and it subsequently issued amendments to the initial guidance (collectively referred to as Topic 842). Under Topic 842, lessees are required to recognize, at commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right-of-use asset representing the lessee's right to use or control the use of a specific asset for the lease term. The Foundation has made an accounting policy election to only apply the standard to lease agreements with terms that are greater than twelve months. Under the new guidance, lessor accounting is largely unchanged. Topic 842 became effective for the Foundation's year ended June 30, 2023 financial statements.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Leases (Continued)

The Foundation adopted Topic 842 as of July 1, 2022, using a transition method that applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Foundation's historical accounting treatment under ASC Topic 840, *Leases* ("Topic 840"). As such, prior periods presented were not retrospectively adjusted. Topic 842 supersedes all existing lease accounting guidance under GAAP issued by the FASB, including prior lease accounting under Topic 840. Topic 842 distinguishes leases as either a finance lease or an operating lease, which affects how the leases are measured and presented in the statements of activities and statements of cash flows.

For operating leases in place at the transition date, the Foundation calculates right of use ("ROU") assets and lease liabilities based on the present value of the remaining lease payments as of the date of adoption. For leases where the Foundation is reasonably certain to exercise an option to purchase the underlying asset at the end of the lease term, ROU assets are amortized over the remaining useful life of the underlying asset.

The adoption of Topic 842 resulted in recording a non-cash transitional adjustment to operating lease ROU assets and operating lease liabilities of \$7,431,814 and \$8,707,523, respectively, as of July 1, 2022. The difference between the operating ROU assets and operating lease liabilities at transition represented existing deferred rent and deferred lease incentives that were derecognized upon implementation as a reduction to the ROU asset as of July 1, 2022. The adoption of Topic 842 did not materially impact the results of the statement of activities, cash flows, or presentation thereof.

The Foundation adopted the following transitional practical expedients upon implementation: transition package of practical expedients which eliminates the requirements to reassess prior conclusions regarding lease identification, classification, and initial direct costs associated with leases in place at the date of implementation. The Foundation did not reassess whether any contracts entered into prior to adoption are leases.

The Foundation determines if an arrangement is a lease or contains a lease at the inception of the contract. Operating leases are presented in operating lease ROU assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying statement of financial position as of June 30, 2023.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Leases (Continued)

Operating lease ROU assets and lease liabilities are initially measured based on the present value of future lease payments over the lease term as determined at each lease's commencement date. In measuring assets and liabilities for certain classes of underlying assets, including real estate and equipment, the Foundation has elected a practical expedient to account for lease and nonlease components together as a single lease component.

Operating lease cost for operating leases is recognized as lease expense using the straight-line method over the term of the lease, which includes the noncancelable period under the lease, any periods covered by options to extend a lease the Foundation is reasonably certain to exercise. Expenses associated with leases with a lease term of under 12 months are recognized on a straight-line basis over the term of the lease.

Operating lease ROU assets include all fixed contractual lease payments and initial direct costs, less any lease incentives received from the lessor. Real estate leases generally include a lease cost, nonlease reimbursements to the lessor of the proportionate share of common area maintenance (CAM), and non-component reimbursements to the lessor of certain of the lessor's costs such as real estate taxes and lessor insurance premiums. Lease agreements do not contain any residual value guarantees, options to purchase leased assets, or restrictive covenants.

13. Contributed nonfinancial assets

The Foundation receives significant contributed nonfinancial assets that support its ongoing goal. Donated services and assets are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes contributed nonfinancial asset revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Donated services from volunteers who have devoted their time for administrative tasks and others who have contributed their time for assistance with the Foundation's programs are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE C - AVAILABILITY AND LIQUIDITY

As of June 30, 2023 and 2022, the following tables shows the total financial assets held by the Foundation and the amounts of those financial assets that could be readily made available within one year of the statement of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,664,083	\$ 3,651,340
Certificates of deposit	109,847	109,822
Investments	2,865,695	2,708,029
Investments - collateral	667,771	667,744
Grants receivable	5,810,966	5,801,795
Other receivables	850,810	1,921,871
Due from related party	<u>1,051,528</u>	<u>548,028</u>
Total financial assets	<u>14,020,700</u>	<u>15,408,629</u>
Less amounts not available to be used within one year:		
Investments - collateral	(601,660)	(601,635)
Board designated - Reserves (Note H)	(7,243,826)	(7,021,494)
Net assets with donor restrictions (Note I)	<u>(962,132)</u>	<u>(2,661,852)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,213,082</u>	<u>\$ 5,123,648</u>

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 \$1,727,061 on a line of credit with Merrill Lynch (Note G) and up to \$2,500,000 on another line of credit with Bank of America. Additionally, the majority of the board designated reserves are for operating expenses and could be used to meet general expenditures within one year.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE D - FAIR VALUE MEASUREMENTS

The accounting standard related to fair value measurements and disclosures establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this standard are described below:

Level 1                      Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2                      Inputs to the valuation methodology include the following:

- \* Quoted prices for similar assets or liabilities in active markets;
- \* Quoted prices for identical or similar assets or liabilities in inactive markets;
- \* Inputs other than quoted prices that are observable for the asset or liability;
- \* Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3                      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following are descriptions of the valuation methodologies used for the Foundation's investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2023 and 2022.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

*Fixed income and common stock securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Money market:* Valued based on quoted net asset value (NAV) of shares held at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes that its valuation method is appropriate and consistent with other market participants, the use of a different methodology or assumption to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2023:

	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 1,258,931	\$ -	\$ -	\$ 1,258,931
Common stock	1,067,875	-	-	1,067,875
Fixed income securities	404,147	-	-	404,147
Investment money market	-	134,742	-	134,742
Fair value of investments	<u>\$ 2,730,953</u>	<u>\$ 134,742</u>	<u>\$ -</u>	<u>\$ 2,865,695</u>

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE D - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2022:

	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 1,349,780	\$ -	\$ -	\$ 1,349,780
Common stock	931,958	-	-	931,958
Fixed income securities	356,847	-	-	356,847
Investment money market	-	69,444	-	69,444
Fair value of investments	<u>\$ 2,638,585</u>	<u>\$ 69,444</u>	<u>\$ -</u>	<u>\$ 2,708,029</u>

NOTE E - INVESTMENTS

Investments consisted of the following as of June 30, 2023 and 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 1,334,900	\$ 1,258,931	\$ 1,441,106	\$ 1,349,780
Common stock	946,987	1,067,875	876,544	931,958
Fixed income securities	433,960	404,147	387,417	356,847
Investment money market	132,053	134,742	69,444	69,444
Fair value of investments	<u>\$ 2,847,900</u>	<u>\$ 2,865,695</u>	<u>\$ 2,774,511</u>	<u>\$ 2,708,029</u>



**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2023	2022
Furniture and fixtures	\$ 898,790	\$ 898,790
Office equipment	1,715,128	1,625,591
Capitalized software costs	197,260	197,260
	2,811,178	2,721,641
Less accumulated depreciation	2,160,820	1,967,884
Property and equipment, net	\$ 650,358	\$ 753,757

NOTE G - 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.

As of June 30, 2023, the Foundation had investments of \$2,865,695 at Merrill Lynch and an available line of credit of \$1,727,061. As of June 30, 2022, the Foundation had investments of \$2,708,029 at Merrill Lynch and an available line of credit of \$1,591,259.

Related to the Foundation's office lease, 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, 2023 and 2022, the Foundation has a standby letter of credit, for the benefit of the landlord, of \$601,660 and \$601,635, respectively

In May 2011, the Foundation entered into an agreement with another financial institution for a revolving line of credit with borrowings up to \$2,500,000 expiring September 30, 2023. There were no draws on the facility during the years ended June 30, 2023 and 2022. Interest on the line of credit is payable monthly at the Bloomberg Short-Term Bank Yield Daily Floating Rate plus two percentage points.

**AIDS Foundation of Chicago**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

NOTE G - LINE OF CREDIT (Continued)

Subsequent to year end, the Foundation renewed the revolving line of credit for a 1-year term. The new line of credit allows borrowing up to \$2,500,000 and expires September 30, 2024. The interest rate is payable at the Bloomberg Short-Term Bank Yield Daily Floating Rate plus two percentage points.

NOTE H - BOARD DESIGNATED FUNDS

Board designated funds as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Three months of core operating expenses	\$ 3,169,332	\$ 2,949,145
Cashflow for public grant expenses	3,000,000	3,000,000
Fund for the future	1,074,494	1,072,349
	\$ 7,243,826	\$ 7,021,494

The \$3,169,332 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 \$30,000,000 (\$2,500,000 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 \$1,074,494 represents a reserve designated for a future project to be determined at the board's discretion. 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.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets with donor restrictions, which have either purpose or time restrictions, consisted of the following:

	<u>2023</u>	<u>2022</u>
<u>Purpose restricted</u>		
Advocacy	\$ 85,000	\$ 16,222
Community Collaborative - scholarships	-	60,734
Controlling hospital and insurance prices	26,579	-
Employment support	-	10,968
Ensuring access to HIV Care	50,000	25,887
Getting to Zero	125,273	814,416
Latinx Men	105,624	230,465
Learning Collaborative	-	656,315
Medicaid member engagement	50,000	-
Policy work	-	64,030
Positive Action for Women	134,046	-
HIV Resource Hub - marketing	108,110	239,935
Supportive Housing	-	100,000
Outreach for safe senior living	-	73,935
Other programs	-	54,140
	<u>684,632</u>	<u>2,347,047</u>
<u>Time restricted</u>		
General operations for future periods	\$ <u>277,500</u>	\$ <u>314,805</u>
	<u>\$ 962,132</u>	<u>\$ 2,661,852</u>

Net assets are released from donor restrictions by incurring expenses that satisfy 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 \$1,879,009 and \$528,226, respectively, for the years ended June 30, 2023 and 2022. Net assets released from restrictions due to a passage of time totaled \$293,836 and \$192,693 for the years ended June 30, 2023 and 2022, respectively.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE J - OPERATING LEASES

The Foundation leases office space and equipment under operating lease arrangements through August, 2034 in Illinois. The leases require escalating monthly rental payments ranging from \$139 to \$63,647 over the term of the leases. Additionally, the Foundation is responsible for its share of real estate taxes, common area charges, and any direct expenses as defined in the lease agreements. The leases are classified as operating leases and reported in right-of-use assets and broken out in the non-current asset section of the Foundation's statement of financial position as of June 30, 2023.

The Foundation has elected the practical expedient available to non-public business entities which allows a Foundation to use the risk-free rate to discount its leases when the rate implicit in the lease is not readily determinable. The risk-free rate represents the nominal yield at the later of lease inception or the transition date applicable to U.S. Treasury instruments with a maturity of similar length to the lease term. The risk-free rate applied to operating leases in place at the transition date ranged from 2.88% to 2.92%.

The following table summarizes the interest rates used to discount lease payments by class of underlying leased assets for lease arrangements with unrelated third parties.

	<u>Interest Rate Used to Discount Lease</u>
Commercial real estate	Risk-free Rate
Equipment	Risk-free Rate

Operating lease costs are recognized on a straight-line basis over the lease terms. Operating lease costs for the year ended June 30, 2023 are \$767,890.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE J - OPERATING LEASES (Continued)

Future undiscounted cash flows for the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of June 30, 2023:

Years Ending June 30:	<u>Operating Leases</u>
2024	\$ 651,209
2025	802,614
2026	824,513
2027	847,080
2028	868,645
Thereafter	<u>5,895,506</u>
Total lease payments	9,889,567
Less: imputed interest	<u>(1,506,214)</u>
Total present value of lease liabilities	\$ 8,383,353
Less: current lease liabilities	<u>(415,808)</u>
Non-current lease liabilities	<u><u>\$ 7,967,545</u></u>

As of June 30, 2023, the weighted-average remaining lease term and the weighted-average discount rate is as follows:

Weighted average remaining lease term	11.15 years
Weighted average discount rate	2.88%

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE J - OPERATING LEASES (Continued)

As of June 30, 2023, future minimum lease commitments, as determined under Topic 840, for all non-cancellable leases in effect as of June 30, 2022 were as follows:

Years Ending December 31:	<u>Operating Leases</u>
2024	\$ 647,082
2025	798,486
2026	820,385
2027	842,952
2028	866,185
Thereafter	<u>5,893,046</u>
Total	\$ <u>9,868,136</u>

NOTE K - RETIREMENT PLAN

The Foundation maintains a 403(b) 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 \$398,617 and \$302,882 for the years ended June 30, 2023 and 2022, respectively.

NOTE L - 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 a few common board members. The Foundation provides CHH with the use of personnel and certain Foundation operating expenses. Additionally, the Foundation contributes unrestricted funds to CHH, as well as pass-through federal grants.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE L - RELATED PARTY TRANSACTIONS (Continued)

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

Included in the statements of financial position as of June 30:

	<u>2023</u>	<u>2022</u>
Due from related party	\$ 1,051,528	\$ 548,028
Due to related party	50,000	50,000

Included in the statements of activities for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Federal pass-through grants	\$ 9,507,005	\$ 9,519,788
Fee for administrative support	697,080	515,202

NOTE M - CONTRIBUTED NONFINANCIAL ASSETS

The Foundation receives contributed legal and consulting services that are reported using current rates for similar services, and are included as management and general expenses in the statement of activities. For the year ended June 30, 2023, the Foundation received \$96,830 in contributed legal and consulting services. There were no contributed nonfinancial assets for the year ended June 30, 2022.

NOTE N - RISKS AND UNCERTAINTIES

1. Uninsured Cash

The Foundation maintains bank accounts included in cash and in investments in major Chicagoland banks in excess of the Federal Deposit Insurance Corporation's (FDIC) \$250,000 limit. At times throughout the year, bank balances exceeded FDIC insured limits. As of June 30, 2023 the Foundation had \$3,631,876 of uninsured cash balances.

**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

NOTE N - RISKS AND UNCERTAINTIES (Continued)

2. Concentrations of Revenues

For the year ended June 30, 2023, approximately 80% of the Foundation's revenue was earned under various contracts from three funding sources. For the year ended June 30, 2023, the Foundation recognized revenue of \$28,523,718 from these funding sources. As of June 30, 2023, these three funding sources owed the Foundation \$5,410,765.

For the year ended June 30, 2022, approximately 77% of the Foundation's revenue was earned under various contracts from three funding sources. For the year ended June 30, 2022, the Foundation recognized revenue of \$27,262,324 from these funding sources. As of June 30, 2022, these three funding sources owed the Foundation \$5,405,957.

If these funding sources terminated their support for the Foundation, the Foundation's ability to provide services could be significantly reduced.

3. Grants

Financial assistance from governmental entities in the form of grants is subject to special audits. Such audits could result in claims against the Foundation for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

NOTE O - SPECIAL EVENTS

The Foundation's gross proceeds from special events for the years ended June 30, were as follows:

	2023	2022
AIDS Run and Walk	\$ 597,330	\$ 585,851
Team to End AIDS	459,671	318,902
World of Chocolate	259,226	104,155
Other events	24,703	16,289
	\$ 1,340,930	\$ 1,025,197



**AIDS Foundation of Chicago**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

---

NOTE P - RECLASSIFICATIONS

Certain reclassifications have been made to the fiscal year 2022 statement of cash flows to conform with the fiscal year 2023 presentation. These reclassifications have no effect on the change in overall cash, net assets, or the change in net assets on the financial statements.

NOTE Q - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 21, 2024, the date that these financial statements were available to be issued. Management has determined that no events or transactions, other than those disclosed in note G, have occurred subsequent to the statement of financial position date that would require additional disclosure in the financial statements.