

# AIDS Foundation of Chicago

Financial Statements and Supplementary  
Information

Years Ended June 30, 2021 and 2020



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, 2021 and 2020, 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, 2021 and 2020, 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 program expenses and schedule of public grant activity 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 December 16, 2021, 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*

December 16, 2021  
Chicago, Illinois

# AIDS Foundation of Chicago

## Statements of Financial Position

<i>June 30,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>Assets</i>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 2,694,820	\$ 533,689	\$ 3,228,509	\$ 2,456,014	\$ 542,319	\$ 2,998,333
Certificates of deposit	125,818	-	125,818	125,818	-	125,818
Grants receivable	6,393,599	-	6,393,599	6,173,737	-	6,173,737
Other receivables	401,527	530,000	931,527	609,525	740,864	1,350,389
Prepaid expenses and deposits	286,385	-	286,385	419,071	-	419,071
Due from related party	519,740	-	519,740	483,575	-	483,575
<b>Total current assets</b>	<b>10,421,889</b>	<b>1,063,689</b>	<b>11,485,578</b>	<b>10,267,740</b>	<b>1,283,183</b>	<b>11,550,923</b>
<b>Property and equipment:</b>						
Furniture, fixtures, and equipment	2,493,515	-	2,493,515	2,434,145	-	2,434,145
Software	197,260	-	197,260	197,260	-	197,260
<b>Total property and equipment</b>	<b>2,690,775</b>	<b>-</b>	<b>2,690,775</b>	<b>2,631,405</b>	<b>-</b>	<b>2,631,405</b>
Less accumulated depreciation	(1,713,926)	-	(1,713,926)	(1,461,554)	-	(1,461,554)
<b>Net property and equipment</b>	<b>976,849</b>	<b>-</b>	<b>976,849</b>	<b>1,169,851</b>	<b>-</b>	<b>1,169,851</b>
<b>Other assets</b>						
Investments - Collateral	601,635	-	601,635	601,629	-	601,629
Investments	3,180,779	-	3,180,779	2,556,979	-	2,556,979
<b>Total other assets</b>	<b>3,782,414</b>	<b>-</b>	<b>3,782,414</b>	<b>3,158,608</b>	<b>-</b>	<b>3,158,608</b>
<b>Total assets</b>	<b>\$ 15,181,152</b>	<b>\$ 1,063,689</b>	<b>\$16,244,841</b>	<b>\$ 14,596,199</b>	<b>\$1,283,183</b>	<b>\$ 15,879,382</b>

# AIDS Foundation of Chicago

## Statements of Financial Position (Continued)

<i>June 30,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>Liabilities and Net Assets</i>						
<b>Current liabilities:</b>						
Grants payable	\$ 553,879	\$ -	\$ 553,879	\$ 78,885	\$ -	\$ 78,885
Accounts payable	1,098,179	-	1,098,179	327,552	-	327,552
Deferred revenue	158,374	-	158,374	328,703	-	328,703
Accrued paid time off	567,536	-	567,536	487,114	-	487,114
Deferred revenue - Government grants	103,789	-	103,789	104,004	-	104,004
<b>Total current liabilities</b>	<b>2,481,757</b>	<b>-</b>	<b>2,481,757</b>	<b>1,326,258</b>	<b>-</b>	<b>1,326,258</b>
Deferred rent	564,381	-	564,381	309,415	-	309,415
Deferred lease incentive	509,781	-	509,781	548,498	-	548,498
Refundable advance liability	-	-	-	1,627,865	-	1,627,865
<b>Total liabilities</b>	<b>3,555,919</b>	<b>-</b>	<b>3,555,919</b>	<b>3,812,036</b>	<b>-</b>	<b>3,812,036</b>
<b>Net assets:</b>						
Without donor restrictions	4,601,594	-	4,601,594	3,933,247	-	3,933,247
Without donor restrictions - Board designated	7,023,639	-	7,023,639	6,850,916	-	6,850,916
With donor restrictions	-	1,063,689	1,063,689	-	1,283,183	1,283,183
<b>Total net assets</b>	<b>11,625,233</b>	<b>1,063,689</b>	<b>12,688,922</b>	<b>10,784,163</b>	<b>1,283,183</b>	<b>12,067,346</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,181,152</b>	<b>\$ 1,063,689</b>	<b>\$ 16,244,841</b>	<b>\$ 14,596,199</b>	<b>\$ 1,283,183</b>	<b>\$ 15,879,382</b>

See accompanying notes to financial statements.

# AIDS Foundation of Chicago

## Statements of Activities and Changes in Net Assets

<i>Years Ended June 30,</i>	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government grants	\$ 28,272,554	\$ -	\$ 28,272,554	\$26,805,904	\$ -	\$26,805,904
Paycheck Protection Program grant revenue	1,641,986	-	1,641,986	-	-	-
Special events:						
Gross proceeds	1,123,868	-	1,123,868	1,274,920	-	1,274,920
Less direct expenses	(114,702)	-	(114,702)	(470,806)	-	(470,806)
Contributions - Foundation and corporate	1,221,352	745,661	1,967,013	1,584,750	1,268,431	2,853,181
Contributions - Individual	527,711	-	527,711	362,740	-	362,740
Bequests	71,294	-	71,294	443,429	-	443,429
Community Links revenue	466,100	-	466,100	584,045	-	584,045
Management fee income	402,545	-	402,545	355,877	-	355,877
Program income	169,484	-	169,484	101,643	-	101,643
Investment income, net	623,891	-	623,891	81,081	-	81,081
Other revenue	90,974	-	90,974	314,386	-	314,386
Net assets released from restrictions	965,155	(965,155)	-	586,647	(586,647)	-
Total support and revenue and assets released from restrictions	35,462,212	(219,494)	35,242,718	32,024,616	681,784	32,706,400

# AIDS Foundation of Chicago

## Statements of Activities and Changes in Net Assets (Continued)

Years Ended June 30,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services	\$ 31,434,943	\$ -	\$ 31,434,943	\$ 28,582,526	\$ -	\$ 28,582,526
Management and general	2,024,759	-	2,024,759	2,032,925	-	2,032,925
Fundraising	1,161,440	-	1,161,440	1,322,097	-	1,322,097
Total expenses	34,621,142	-	34,621,142	31,937,548	-	31,937,548
Change in net assets	841,070	(219,494)	621,576	87,068	681,784	768,852
Net assets at beginning of year	10,784,163	1,283,183	12,067,346	10,697,095	601,399	11,298,494
Net assets at end of year	\$ 11,625,233	\$ 1,063,689	\$ 12,688,922	\$ 10,784,163	\$ 1,283,183	\$ 12,067,346

See accompanying notes to financial statements.

# AIDS Foundation of Chicago

## Statements of Functional Expenses

<i>Years Ended June 30,</i>	2021				2020			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries and related expenses	\$ 5,837,122	\$ 1,570,389	\$ 851,623	\$ 8,259,134	\$ 5,318,937	\$ 1,623,324	\$ 833,115	\$ 7,775,376
Occupancy	991,234	229,158	121,997	1,342,389	978,633	140,170	122,072	1,240,875
Contractual services	458,585	114,321	23,450	596,356	489,392	135,875	110,839	736,106
Office supplies and expenses	441,454	52,327	115,385	609,166	414,602	44,564	184,385	643,551
Meetings and subscriptions	128,419	32,896	9,040	170,355	249,563	50,233	16,272	316,068
Public education	79,794	-	973	80,767	82,509	-	15,060	97,569
Fees and other expenses	75	25,670	38,972	64,717	169	38,759	40,354	79,282
Grant expense	717,944	(2)	-	717,942	732,507	-	-	732,507
Direct client support	1,619,611	-	-	1,619,611	4,949,624	-	-	4,949,624
Tenant rent write off	257,049	-	-	257,049	198,496	-	-	198,496
Subcontractor expense	20,903,656	-	-	20,903,656	15,168,094	-	-	15,168,094
Special event expenses, direct donor benefit	-	-	114,702	114,702	-	-	470,806	470,806
<b>Total expenses</b>	<b>31,434,943</b>	<b>2,024,759</b>	<b>1,276,142</b>	<b>34,735,844</b>	<b>28,582,526</b>	<b>2,032,925</b>	<b>1,792,903</b>	<b>32,408,354</b>
Expenses included on the statement of activities and changes in net assets:								
Direct benefit donor expenses	-	-	(114,702)	(114,702)	-	-	(470,806)	(470,806)
<b>Total expenses</b>	<b>\$31,434,943</b>	<b>\$ 2,024,759</b>	<b>\$ 1,161,440</b>	<b>\$ 34,621,142</b>	<b>\$ 28,582,526</b>	<b>\$ 2,032,925</b>	<b>\$ 1,322,097</b>	<b>\$ 31,937,548</b>

See accompanying notes to financial statements.

# AIDS Foundation of Chicago

## Statements of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 621,576	\$ 768,852
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	252,373	234,538
Donated stock	(6,350)	(4,344)
Realized/unrealized (gain) loss on investments	(563,480)	19,777
(Increase) decrease in:		
Grants and other receivables	199,000	1,276,904
Prepaid expenses	132,686	59,963
Investments - Collateral	(6)	(899)
Due from related party	(36,165)	(174,372)
Increase (decrease) in:		
Grants payable	474,994	63,885
Accounts payable and other payables	851,049	(1,276,538)
Deferred revenue	(170,329)	144,889
Unearned government grants	(215)	(186,946)
Deferred rent	254,966	297,436
Deferred lease incentive	(38,717)	548,498
Refundable advance liability	(1,627,865)	1,627,865
Net cash from operating activities	343,517	3,399,508
Cash flows from investing activities:		
Purchase of equipment and software	(59,371)	(1,332,885)
Purchase of investments	(53,970)	(43,086)
Increase in certificates of deposit	-	(278)
Net cash from investing activities	(113,341)	(1,376,249)
Cash flows from financing activities:		
Repayments on line of credit	-	(1,000,000)
Net cash from financing activities	-	(1,000,000)
Change in cash and cash equivalents	230,176	1,023,259
Cash and cash equivalents, beginning of year	2,998,333	1,975,074
Cash and cash equivalents, end of year	\$ 3,228,509	\$ 2,998,333

See accompanying notes to financial statements.

# AIDS Foundation of Chicago

## Notes to Financial Statements

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### 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 Presentation

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

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 and changes in net assets 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

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### **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.

#### **Grants and Other Receivables**

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 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 write-off method is materially consistent with what the allowance method would require.

#### **Investments**

Investments are carried at fair value (Note 6) 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 and changes in net assets 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 and changes in net assets.

#### **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 15 years. Leasehold improvements are amortized over the lesser of the useful lives of the assets or the terms of the lease.

# AIDS Foundation of Chicago

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### 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, 2021 and 2020 was \$564,381 and \$309,415, respectively, and is included in liabilities on the statements of financial position.

#### Support and Revenue

##### Government Grants

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting organization, and, as a result of such audit, adjustments could be required.

##### Contributions

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

*Grant Awards That Are Contributions* - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

*Grant Awards That Are Exchange Transactions* - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

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 deferred revenue.

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

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Support and Revenue** (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. Any 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.

##### **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 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 \$477,858 and \$454,561 for the years ended June 30, 2021 and 2020, respectively.

# AIDS Foundation of Chicago

## Notes to Financial Statements

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### **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 Principles**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Foundation adopted this guidance effective July 1, 2020. The Foundation applied Topic 606 on a modified retrospective basis. There was no change to reported revenue, net assets, or the change in net assets for either period presented.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurements*. The amendments in this ASU are intended to improve the effectiveness of disclosures about fair value measurements required under Accounting Standards Codification (ASC) 820. The ASU removes certain disclosures and modifies others. The Foundation has applied the amendments in this ASU on a retrospective basis. There was no change in opening balances of net assets, and no prior period results were restated.

#### **Future Accounting Pronouncement**

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 12 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 December 16, 2021, which is the date the financial statements were available to be issued.

# AIDS Foundation of Chicago

## Notes to Financial Statements

### 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>	2021	2020
Cash and cash equivalents	\$ 3,228,509	\$ 2,998,333
Certificates of deposits	125,818	125,818
Grants receivable	6,393,599	6,173,737
Investments	3,180,779	2,556,979
Other receivables	931,527	1,350,389
<b>Total financial assets</b>	<b>13,860,232</b>	<b>13,205,256</b>
Less: Grants and other payables	(1,652,058)	(406,437)
Board designated - Reserves (Note 10)	(7,023,639)	(6,850,916)
Donor restricted - Time or purpose	(1,063,689)	(1,283,183)
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 4,120,846</b>	<b>\$ 4,664,720</b>

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 (FDIC) \$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.

### Note 4: Concentration of Contributions

For the year ended June 30, 2021, approximately 75% of the Foundation's revenue was earned under various contracts from three funding sources. For the year ended June 30, 2021, the Foundation recognized revenue of \$26,591,177 from these funding sources. As of June 30, 2021, these three funding sources owed the Foundation \$6,148,318.

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.

# AIDS Foundation of Chicago

## Notes to Financial Statements

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### 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 for the year ending June 30, 2020, and is included in occupancy expense on the statements of functional expenses. The lease expired on August 30, 2019.

On January 10, 2019, the Foundation entered into a 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 \$536,530 and \$353,258 for the years ended June 30, 2021 and 2020, respectively, and is included in occupancy expense on the statements of functional expenses.

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

<i>Years Ending June 30:</i>	
2022	\$ 551,231
2023	556,377
2024	647,082
2025	798,486
2026	820,385
Thereafter	7,602,182
<hr/>	
Total	\$ 10,975,743

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, 2021 and 2020, the Foundation has a standby letter of credit, for the benefit of the landlord, of \$601,635 and \$601,629 with Bank of America, respectively.

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, 2021 and 2020, the Foundation recorded \$38,718 and \$32,265, respectively, of lease incentive revenue, which is included in other revenue on the statement of activities and changes in net assets.

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.

At June 30, 2021 and 2020, the Foundation had commitments under various grants of approximately \$20,460,654 and \$18,222,234, respectively. These commitments are not recognized in the accompanying financial statements, as they are conditional awards.

# AIDS Foundation of Chicago

## Notes to Financial Statements

### Note 6: Summary of Investments

Investments consisted of the following as of June 30, 2021:

Description	Cost	Market
Investment money market	\$ 58,967	\$ 58,967
Common stock	774,351	1,093,365
Fixed income securities	395,625	408,509
Mutual funds	1,436,896	1,619,938
<b>Total investments</b>	<b>\$ 2,665,839</b>	<b>\$ 3,180,779</b>

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
<b>Total investments</b>	<b>\$ 2,423,475</b>	<b>\$ 2,556,979</b>

Investment income for the years ended 2021 and 2020 are summarized as follows:

	2021	2020
Dividends and interest	\$ 92,694	\$ 131,576
Unrealized gains/(losses)	341,465	6,356
Realized gains/(losses)	222,015	(26,133)
Investment fees	(32,283)	(30,718)
<b>Net investment income</b>	<b>\$ 623,891</b>	<b>\$ 81,081</b>

# AIDS Foundation of Chicago

## Notes to Financial Statements

### Note 7: 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, 2021 and 2020.

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.

Fair value measurements recorded on a recurring basis at June 30, 2021 and 2020, were as follows:

	<u>Fair Value Measurements Using</u>			
<i>As of June 30, 2021</i>	Total	Level 1	Level 2	Level 3
Investment money market	\$ 58,967	\$ -	\$ 58,967	\$ -
Common stock	1,093,365	1,093,365	-	-
Fixed income securities	408,509	408,509	-	-
Mutual funds	1,619,938	1,619,938	-	-
<b>Total</b>	<b>\$ 3,180,779</b>	<b>\$ 3,121,812</b>	<b>\$ 58,967</b>	<b>\$ -</b>

	<u>Fair Value Measurements Using</u>			
<i>As of June 30, 2020</i>	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	-	-
<b>Total</b>	<b>\$ 2,556,979</b>	<b>\$ 2,463,507</b>	<b>\$ 93,472</b>	<b>\$ -</b>

# AIDS Foundation of Chicago

## Notes to Financial Statements

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### 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, 2021, the Foundation had investments of \$3,172,040 at Merrill Lynch and an available line of credit of \$1,818,094. 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.

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, 2021 and 2020 were \$0.

### Note 9: Refundable Advance Liability – Paycheck Protection Program

At June 30, 2020, the Foundation had a refundable advance liability of \$1,627,865. 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 eight or 24 weeks and the submission of the forgiveness application. The loan was forgiven on March 4, 2021, and is included in grant revenue on the statements of activities and changes in net assets.

### Note 10: Board Designated Funds

Board designated funds at June 30, 2021 and 2020 consist of the following:

	2021	2020
Three months of core operating expenses	\$ 2,949,145	\$ 2,776,422
Cash flow for public grant expenses	3,000,000	3,000,000
Fund for the future	1,074,494	1,074,494
<b>Total</b>	<b>\$ 7,023,639</b>	<b>\$ 6,850,916</b>

# AIDS Foundation of Chicago

## Notes to Financial Statements

### Note 10: Board Designated Funds (Continued)

The \$2,949,145 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 \$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.

### Note 11: Net Assets with Donor Restriction

At June 30, 2021 and 2020, net assets with donor restrictions, which have either purpose or time restrictions, consisted of the following:

<i>Years Ended June 30,</i>	2021	2020
Purpose restricted:		
Advocacy	\$ 35,000	\$ -
Employment Support	289,888	-
Ensuring Access to HIV Care	37,374	48,564
Getting to Zero	123,689	313,267
Latinx Men	270,026	-
Outreach for Safe Senior Living	-	14,752
Prevention	28,373	-
Program SpeakUp	-	50,000
Supportive Housing	-	100,000
COVID 19 Response	27,143	321,739
Women's Connection	22,196	91,890
Other Programs	-	7,971
Time Restricted - General operations for future periods	230,000	335,000
<b>Total net assets with donor restrictions</b>	<b>\$ 1,063,689</b>	<b>\$ 1,283,183</b>

# AIDS Foundation of Chicago

## Notes to Financial Statements

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### Note 11: Net Assets with Donor Restriction (Continued)

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 \$855,155 and \$586,647, respectively, for the years ended June 30, 2021 and 2020. Net assets released from restrictions due to a passage of time totaled \$110,000 and \$0, for the years ended June 30, 2021 and 2020, respectively.

### Note 12: 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 \$323,720 and \$278,447 for the years ended June 30, 2021 and 2020, respectively.

### Note 13: Special Events

The Foundation's largest special events include the AIDS Run and Walk held in the fall, a Gala 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, the 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>	2021	2020
AIDS Run and Walk	\$ 423,000	\$ 634,039
Team to End AIDS	194,019	425,130
A World of Chocolate	-	190,426
Gala	502,645	-
Other events	4,204	25,325
<b>Totals</b>	<b>\$ 1,123,868</b>	<b>\$ 1,274,920</b>

# AIDS Foundation of Chicago

## Notes to Financial Statements

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### Note 14: 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 certain Foundation operating expenses. Additionally, the Foundation contributes unrestricted funds to CHH, as well as pass-through federal grants.

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

Included in statements of financial position:

<i>Years Ended June 30,</i>	2021	2020
Due from related party	\$ 519,740	\$ 483,575

Included in statements of activities:

<i>Years Ended June 30,</i>	2021	2020
Federal pass-through grants	\$ 9,648,276	\$ 4,953,276
Fee for administrative support	312,077	262,058

## **Supplementary Information**

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# AIDS Foundation of Chicago

## Schedule of Program Expenses

<i>For the Year Ended June 30, 2021</i>	Service Coordination- Programs Public	Advocacy & Public Policy	Programs - Private	Total
Salaries and related expenses	\$ 4,090,579	\$ 1,050,198	\$ 696,345	\$ 5,837,122
Occupancy	680,987	158,134	152,113	991,234
Contractual services	282,862	98,970	76,753	458,585
Office supplies and expenses	345,049	41,947	54,458	441,454
Meetings and subscriptions	24,418	53,175	50,826	128,419
Public education	-	48,735	31,059	79,794
Fees and other expenses	-	45	30	75
Grant expense	-	118,743	599,201	717,944
Direct client support	1,300,592	1,723	317,296	1,619,611
Tenant rent write off	257,049	-	-	257,049
Subcontractor expense	20,903,656	-	-	20,903,656
<b>Totals</b>	<b>\$ 27,885,192</b>	<b>\$ 1,571,670</b>	<b>\$ 1,978,081</b>	<b>\$ 31,434,943</b>

See Independent Auditor's Report.

# AIDS Foundation of Chicago

## Schedule of Public Grant Activity

<i>For the Year Ended June 30, 2021</i>	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.
Total Grant Award	\$ 5,407,900	\$ 8,518,186	\$ 4,673,130	\$ 2,078,025	\$ 1,425,065
<b>Total Grant Award</b>	<b>\$ 5,547,900</b>	<b>\$ 3,902,362</b>	<b>\$ 5,650,000</b>	<b>\$ 1,987,179</b>	<b>\$ 1,423,648</b>
Grant Awards:					
Uncollected Grant Awards 6/30/20	\$ 5,610,916	\$ 4,475,941	\$ 4,306,587	\$ 2,111,496	\$ 121,989
New Grant Awards	5,407,900	4,292,974	4,673,130	2,078,025	1,425,065
Grant Collected or Adjusted	(5,066,179)	(5,003,747)	(5,373,120)	(1,858,167)	(288,242)
<b>Uncollected Grant Awards 6/30/21</b>	<b>\$ 5,952,637</b>	<b>\$ 3,765,168</b>	<b>\$ 3,606,597</b>	<b>\$ 2,331,354</b>	<b>\$ 1,258,812</b>
Unearned Grant Commitments:					
Unearned Grant 6/30/20	\$ 4,280,821	\$ 3,007,244	\$ 3,238,380	\$ 1,676,509	\$ 8,113
New Grant Awards	5,407,900	4,292,974	4,673,130	2,078,025	1,425,065
Grants Expended and Earned:					
Expenditures	(4,892,583)	(4,105,554)	(6,492,438)	(1,804,511)	(383,729)
<b>Remaining Grant Commitments 6/30/21</b>	<b>\$ 4,796,138</b>	<b>\$ 3,194,664</b>	<b>\$ 1,419,072</b>	<b>\$ 1,950,023</b>	<b>\$ 1,049,449</b>

See Independent Auditor's Report

# AIDS Foundation of Chicago

## Schedule of Public Grant Activity

<i>For the Year Ended June 30, 2021</i>	HUD CARES Act	Part B Collar Counties	HOPWA RCN	Chronic Homeless Samaritan	HOPWA CHHP
Funding Agency	U.S. Dept. of Housing & Urban Dev.	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.
Total Grant Award	\$ -	\$ 1,303,169	\$ -	\$ 2,946,253	\$ 1,370,429
<b>Total Grant Award</b>	<b>\$ 474,722</b>	<b>\$ -</b>	<b>\$ 1,450,980</b>	<b>\$ 2,882,160</b>	<b>\$ 1,382,574</b>
Grant Awards:					
Uncollected Grant Awards 6/30/20	\$ -	\$ 1,076,459	\$ 821,639	\$ 772,683	\$ 445,368
New Grant Awards	474,722	1,303,169	-	2,946,253	1,370,429
Grant Collected or Adjusted	(32,843)	(1,053,243)	(492,123)	(2,467,467)	(494,886)
<b>Uncollected Grant Awards 6/30/21</b>	<b>\$ 441,879</b>	<b>\$ 1,326,385</b>	<b>\$ 329,516</b>	<b>\$ 1,251,469</b>	<b>\$ 1,320,911</b>
Unearned Grant Commitments:					
Unearned Grant 6/30/20	\$ -	\$ 870,126	\$ 711,659	\$ 567,573	\$ 377,518
New Grant Awards	474,722	1,303,169	-	2,946,253	1,370,429
Grants Expended and Earned:					
Expenditures	(32,843)	(1,027,176)	(532,334)	(2,762,551)	(508,311)
Adjustment	-	-	-	362	-
<b>Remaining Grant Commitments 6/30/21</b>	<b>\$ 441,879</b>	<b>\$ 1,146,119</b>	<b>\$ 179,325</b>	<b>\$ 751,637</b>	<b>\$ 1,239,636</b>

See Independent Auditor's Report

# AIDS Foundation of Chicago

## Schedule of Public Grant Activity

<i>For the Year Ended June 30, 2021</i>	CDPH HOPWA	IDHS Supportive Housing	EFSP Emergency	SAMHSA	H&H CDPH
Funding Agency	Chicago Dept. of Public Health	Illinois Dept. of Human Services	United Way	SAMHSA	Chicago Dept. of Public Health
<b>Total Grant Award</b>	\$	\$ 608,465	\$ 33,631	\$ 495,972	\$ 480,967
<b>Total Grant Award</b>	\$ 155,484	\$ 638,888	\$ 33,631	\$ 500,000	\$ 480,965
<b>Grant Awards:</b>					
Uncollected Grant Awards 6/30/20	\$ -	\$ 137,243	\$ -	\$ 363,505	\$ 482,472
New Grant Awards	155,484	608,465	33,631	495,972	480,967
Grant Collected or Adjusted	(155,484)	(745,708)	(33,631)	(447,160)	(476,311)
<b>Uncollected Grant Awards 6/30/21</b>	\$ -	\$ -	\$ -	\$ 412,317	\$ 487,128
<b>Unearned Grant Commitments:</b>					
Unearned Grant 6/30/20	\$ -	\$ 104,004	\$ -	\$ 306,601	\$ 162,482
New Grant Awards	155,484	608,465	33,631	495,972	480,967
<b>Grants Expended and Earned:</b>					
Expenditures	(150,911)	(584,295)	(33,631)	(432,986)	(429,878)
Adjustment	(4,573)	(27,903)	-	-	-
<b>Remaining Grant Commitments 6/30/21</b>	\$ -	\$ 100,271	\$ -	\$ 369,587	\$ 213,571

See Independent Auditor's Report

# AIDS Foundation of Chicago

## Schedule of Public Grant Activity

<i>For the Year Ended June 30, 2021</i>	PHIMC MATEC	IDPH HOPWA Collar	HRSA Safe & Sound	CDC	IDPH HOPWA Cook
Funding Agency	Public Health Institute of Metro. Chicago	Illinois Dept. of Public Health	Dept. of Health & Human Services	FHI360	Illinois Dept. of Public Health
<b>Total Grant Award</b>	\$	\$ 543,893	\$ 660,000	\$ 3,000	\$ 762,403
<b>Total Grant Award</b>	\$ 118,000	\$ 542,000	\$ 300,000	\$ 18,000	\$ 743,637
<b>Grant Awards:</b>					
Uncollected Grant Awards 6/30/20	\$ -	\$ 547,745	\$ 240,076	\$ (490)	\$ 644,247
New Grant Awards	118,000	543,893	660,000	3,000	762,403
Grant Collected or Adjusted	-	(536,568)	(340,003)	(2,510)	(892,682)
<b>Uncollected Grant Awards 6/30/21</b>	\$ 118,000	\$ 555,070	\$ 560,073	\$ -	\$ 513,968
<b>Unearned Grant Commitments:</b>					
Unearned Grant 6/30/20	\$ -	\$ 440,246	\$ 194,243	\$ (490)	\$ 457,931
New Grant Awards	118,000	543,893	660,000	3,000	762,403
<b>Grants Expended and Earned:</b>					
Expenditures	(42,384)	(506,320)	(331,980)	(3,000)	(842,533)
Adjustment	-	-	-	490	-
<b>Remaining Grant Commitments 6/30/21</b>	\$ 75,616	\$ 477,819	\$ 522,263	\$ -	\$ 377,801

See Independent Auditor's Report

# AIDS Foundation of Chicago

## Schedule of Public Grant Activity

<i>For the Year Ended June 30, 2021</i>	FEMA CARES Act	NIH-NCMHD	IDPH Re Entry Cook & Collar	YWCA	Total
Funding Agency	United Way	Medical College of Wisconsin	Illinois Dept. of Public Health	YWCA Metropolitan Chicago	
Total Grant Award	\$ -	\$ 428,057	\$ 2,226,193	\$ -	
<b>Total Grant Award</b>	<b>\$ 60,000</b>	<b>\$ 65,273</b>	<b>\$ 2,222,188</b>	<b>\$ -</b>	
Grant Awards:					
Uncollected Grant Awards 6/30/20	\$ -	\$ 90,837	\$ 2,222,188	\$ 56,813	\$ 24,527,714
New Grant Awards	60,000	428,057	2,226,193	-	30,547,732
Grant Collected or Adjusted	(60,000)	(89,282)	(2,259,810)	(56,813)	(28,225,979)
<b>Uncollected Grant Awards 6/30/21</b>	<b>\$ -</b>	<b>\$ 429,612</b>	<b>\$ 2,188,571</b>	<b>\$ -</b>	<b>\$ 26,849,467</b>
Unearned Grant Commitments:					
Unearned Grant 6/30/20	\$ -	\$ 77,221	\$ 1,737,325	\$ 4,238	\$ 18,221,744
New Grant Awards	60,000	428,057	2,226,193	-	30,547,732
Grants Expended and Earned:					
Expenditures	(56,482)	(198,025)	(2,118,505)	406	(28,272,554)
Adjustment	-	-	-	(4,644)	(36,268)
<b>Remaining Grant Commitments 6/30/21</b>	<b>\$ 3,518</b>	<b>\$ 307,253</b>	<b>\$ 1,845,013</b>	<b>\$ -</b>	<b>\$ 20,460,654</b>

See Independent Auditor's Report

# AIDS Foundation of Chicago

## Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
U.S. Department of Health and Human Services:				
<i>Pass-Through:</i>				
Substance Abuse and Mental Health Services Administration - Road to Health and Housing	93.243	1H79SM080798	\$ 124,201	\$ 29,190
Substance Abuse and Mental Health Services Administration - Road to Health and Housing	93.243	1H79SM080798	308,785	5,100
Subtotal CFDA 93.243			432,986	34,290
Medical College of Wisconsin - NIH	93.307	5R01MD011573-05	59,890	-
Chicago Department of Public Health - Ryan White Part A	93.914	94395	3,696,084	2,632,149
Chicago Department of Public Health - Ryan White Part A	93.914	94395	1,056,498	584,854
COVID-19 - Chicago Dept of Public Health - Ryan White Part A	93.914	94395	140,000	100,000
Chicago Department of Public Health RCH - Ryan White Part A	93.914	H89HA00008	172,760	42,063
Chicago Department of Public Health RCH - Ryan White Part A	93.914	H89HA00008	42,651	10,924
COVID- 19 - Chicago Department of Public Health RCH - Ryan White Part A	93.914	H9AHA36920	75,000	68,182
Subtotal CFDA 93.914			5,182,993	3,438,172
Illinois Department of Public Health - Ryan White Part B Cook	93.917	05780067H	3,428,031	2,820,619
Illinois Department of Public Health - Ryan White Part B Cook	93.917	05780066H-2	677,523	292,989
Illinois Department of Public Health - Ryan White Part B Cook	93.917	05780066H	804,660	459,714
Illinois Department of Public Health - Ryan White Part B Collar	93.917	05780066H-1	219,489	47,325
Illinois Department of Public Health - Corrections/Re-entry Cook	93.917	05780067H	457,511	329,772
Illinois Department of Public Health - Corrections/Re-entry Collar	93.917	05780066H-2	84,250	38,703
Illinois Department of Public Health - Corrections/Re-entry Collar	93.917	05780066H	56,890	49,293
Illinois Department of Public Health - Corrections/Re-entry Collar	93.917	05780066H-1	13,231	10,452
Illinois Department of Public Health - Perinatal Cook	93.917	05780067H	438,273	535,299
Illinois Department of Public Health - Perinatal Collar	93.917	05780066H-2	88,695	88,695
Illinois Department of Public Health - Perinatal Collar	93.917	05780066H	127,086	150,007
Illinois Department of Public Health - Prenatal Collar	93.917	05780066H-1	20,747	20,747
Illinois Department of Public Health - Admin Cook	93.917	05780067H	465,300	12,796

**AIDS Foundation of Chicago**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
U.S. Department of Health and Human Services (continued):				
<i>Pass-Through (continued):</i>				
Illinois Department of Public Health - Admin Cook	93.917	05780066H-2 \$	158,886 \$	1,640
Illinois Department of Public Health - Admin Cook	93.917	05780066H	148,236	12,671
Illinois Department of Public Health - Admin Collar	93.917	05780066H-1	59,399	1,092
Subtotal CFDA 93.917			7,248,207	4,871,814
Health Resources & Services Administration - Safe and Sound	93.928	H97HA31426	92,858	33,557
Health Resources & Services Administration - Safe and Sound	93.928	H97HA31426	81,188	40,312
Health Resources & Services Administration - Women Evolving	93.928	U90HA39759-01-01	157,934	31,991
Subtotal CFDA 93.928			331,980	105,860
CDPH RCH - CDC Funds	93.940	116593	134,505	96,546
CDPH RCH - CDC Funds	93.940	116593 Rel. #3	117,547	35,996
Subtotal CFDA 93.940			252,052	132,542
NIH - Northwestern Univ. 3rd Coast CFAR - ORCHID	93.242	60056742	52,471	-
NIH - Northwestern Univ. 3rd Coast CFAR - ORCHID	93.242		11,633	-
NIH - Medical College of Wisconsin: Violence & Resiliency	93.242	6160503	40,682	-
Subtotal CFDA 93.242			104,786	-
NIH - Northwestern Univ. 3rd Coast CFAR - Teen PrEP	93.855	60057152	34,094	-
HRSA - PHIMC/MATEC Prevention Training (Ryan White Part F)	93.145		42,384	-
Total U.S. Department of Health and Human Services			13,689,372	8,582,678
U.S. Department of Homeland Security:				
COVID-19 FEMA Cares Act	97.024	HQ-20-159 \$	56,482 \$	-

**AIDS Foundation of Chicago**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development:				
<i>Pass-Through:</i>				
Chicago Department of Public Health - HOPWA HUD Housing Information	14.241	116595 Rel #3	\$ 319,950	\$ 225,707
Chicago Department of Public Health - HOPWA HUD Housing Information	14.241	116595 Rel #3	127,163	78,913
Chicago Department of Public Health - HUD Supportive Services Funds	14.241	116595 Rel #3	290,387	104,708
Chicago Department of Public Health - HUD Supportive Services Funds	14.241	116595 Rel #3	138,806	42,468
COVID 19 - Chicago Department of Public Health - HUD Supportive Services Funds	14.241	116595 Rel #3	345,798	134,551
COVID 19 - Chicago Department of Public Health - RCH - HUD Leasing & Operating	14.241	116595 Rel #3	552,596	423,031
Chicago Department of Public Health - Tenant Based Rental Assistance	14.241	92325 #2	1,525,770	1,221,618
Chicago Department of Public Health - Tenant Based Rental Assistance	14.241	92325 #3	106,938	88,332
COVID 19 - Chicago Department of Public Health - Tenant Based Rental Assistance	14.241	92325 #4	20,000	20,000
Chicago Department of Public Health - Tenant Based Rental Assistance	14.241	92318 #4	600,000	600,000
Chicago Department of Public Health - Tenant Based Rental Assistance	14.241	92325 #5	1,715,436	1,464,098
Chicago Department of Public Health - HOPWA SPNS	14.241	102897 #2	156,320	184,730
COVID 19 - Chicago Department of Public Health - HOPWA SPNS	14.241	102897 #3	150,911	103,550
Chicago Department of Public Health - HOPWA SPNS	14.241	102897 #3	273,558	217,112
Illinois Department of Public Health - HOPWA Cook	14.241	05780067H	664,037	638,920
Illinois Department of Public Health - HOPWA Cook	14.241	05780066H-2	178,496	162,568
Illinois Department of Public Health - HOPWA Collar	14.241	05780066H	398,597	364,223
Illinois Department of Public Health - HOPWA Collar	14.241	05780066H-1	108,165	91,183
<i>Direct:</i>				
HOPWA RCN SPNS	14.241	ILH180014	532,334	497,827
HOPWA CHHP SPNS	14.241	IL-H17-0030-00	370,408	339,490
HOPWA CHHP SPNS	14.241	ILH200018	137,903	126,938
HOPWA RHHP	14.241	HOPWA170007-01-01	8,113	81,463
HOPWA RHHP	14.241	IL-H200004	375,614	348,969
COVID 19 - HOPWA CARES 1	14.241	H2001W004	24,227	2,183

**AIDS Foundation of Chicago**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2021**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Passed-Through to Subrecipients
U.S. Department of Housing and Urban Development (continued):				
<i>Direct (continued):</i>				
COVID 19 - HOPWA CARES 2	14.241	H2001W005	\$ 4,324	\$ -
COVID 19 - HOPWA CARES 3	14.241	H2001W006	4,292	-
Subtotal CFDA 14.241			9,130,143	7,562,582
SHP Safe Start 1	14.267	IL0197L5T101912	1,583,367	1,409,985
SHP Safe Start 1	14.267	IL0197L5T102013	268,805	215,353
SHP Chronic Homeless Samaritan	14.267	IL0162L5T101811	449,274	652,484
SHP Chronic Homeless Samaritan	14.267	IL0162L5T101912	2,313,282	2,003,374
Subtotal CFDA 14.267			4,614,728	4,281,196
Total U.S. Department of Housing and Urban Development			13,744,871	11,843,778
Total Expenditures of Federal Awards			\$ 27,490,725	\$ 20,426,456

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

# **AIDS Foundation of Chicago**

## **Notes to Schedule of Expenditures of Federal Awards**

### **Year Ended June 30, 2021**

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#### **Note 1: General**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of AIDS Foundation of Chicago under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of AIDS Foundation of Chicago, it is not intended to and does not present the financial position, changes in net assets, or cash flows of AIDS Foundation of Chicago.

#### **Note 2: Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

#### **Note 3: Indirect Cost Rate**

AIDS Foundation of Chicago negotiated an indirect cost rate with the Department of Health and Human Services of 13.50% and is not utilizing the 10% de minimus cost rate.

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, 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, the financial statements of AIDS Foundation of Chicago (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2021.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Wipfli LLP*

December 16, 2021  
Chicago, Illinois

## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited AIDS Foundation of Chicago's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of AIDS Foundation of Chicago's major federal programs for the year ended June 30, 2021. AIDS Foundation of Chicago's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

In our opinion, AIDS Foundation of Chicago complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

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

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

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

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

*Wipfli LLP*

December 16, 2021  
Chicago, Illinois

# AIDS Foundation of Chicago

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2021

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#### Section I - Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

##### Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for Persons with AIDS
93.917	HIV Care Formula Grants

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

Federal	\$824,722
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Auditee qualified as low-risk auditee?	Yes
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#### Section II - Financial Statement Findings

None

#### Section III – Federal Award Findings and Questioned Costs

None