



AIDS Healthcare Foundation
Audited Consolidated Financial Statements
and Supplementary Information
As of and For the Years Ended December 31, 2019 and 2018
with Report of Independent Auditors

AIDS Healthcare Foundation
Audited Consolidated Financial Statements
and Supplementary Information
As of and For the Years Ended December 31, 2019 and 2018
with Report of Independent Auditors

	<u>PAGE</u>
REPORT OF INDEPENDENT AUDITORS	1
AUDITED CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	8
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	35

Report of Independent Auditors

Board of Directors AIDS Healthcare Foundation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of AIDS Healthcare Foundation, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 consolidated financial position of AIDS Healthcare Foundation as of December 31, 2019 and 2018, and the changes in its net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

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

A handwritten signature in black ink that reads "Vaqueria & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
April 30, 2020**

**AIDS Healthcare Foundation
Consolidated Balance Sheets**

ASSETS	December 31	
	2019	2018
Current assets		
Cash and cash equivalents	\$ 148,111,850	\$ 82,871,672
Pharmacy revenue receivable, net of allowance for doubtful accounts of \$7,937,240 and \$6,046,344 at December 31, 2019 and 2018, respectively	71,961,553	61,344,162
Premium revenue receivable, net of allowance for doubtful accounts of \$0 and \$3,748,640 at December 31, 2019 and 2018, respectively	8,318,026	8,057,158
Grant revenue receivable	14,548,985	11,278,675
Accounts receivable, net of allowance for doubtful accounts of \$9,437,644 and \$7,576,952 at December 31, 2019 and 2018, respectively	6,111,166	5,924,348
Inventories	42,873,613	34,980,430
Investments	16,930,102	9,980,060
Prepaid expenses and other current assets	21,494,034	23,084,187
Total current assets	330,349,329	237,520,692
Noncurrent assets		
Assets limited as to use	6,828,111	6,828,111
Property and equipment, net	264,513,362	192,978,034
Long-term investments	60,813,423	68,510,128
Intangibles, deposits and other assets	21,688,117	22,435,100
Total assets	\$ 684,192,342	\$ 528,272,065
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 69,998,453	\$ 42,699,104
Accrued expenses	23,720,291	22,695,882
Unearned premiums	202,662	9,690,159
Claims payable	20,137,392	22,223,621
Current portion of long-term debt	3,141,886	3,103,463
Total current liabilities	117,200,684	100,412,229
Deferred rent	2,929,047	2,892,710
Interest rate swap	1,049,033	354,345
Long-term debt, net of current portion	73,608,269	37,604,121
Total liabilities	194,787,033	141,263,405
Net assets		
Without donor restrictions	489,036,515	386,651,104
With donor restrictions	368,794	357,556
Total net assets	489,405,309	387,008,660
Total liabilities and net assets	\$ 684,192,342	\$ 528,272,065

See notes to consolidated financial statements.

AIDS Healthcare Foundation
Consolidated Statements of Operations and Changes in Net Assets

	Years ended December 31	
	2019	2018
Operating revenues		
Unrestricted revenues, gains, and other support		
Pharmacy revenue, net	\$ 1,254,183,119	\$ 1,135,863,420
Premiums earned, net	157,008,760	194,357,261
Grant revenue	58,607,291	52,085,078
Net patient service revenue	9,009,434	8,260,844
Contributions		
Cash	3,156,054	4,922,820
In-kind, thrift store	10,266,895	9,994,684
In-kind, other	5,274,441	2,000,245
Other	11,911,651	4,137,879
Operating revenues before net assets released from restrictions for operations	1,509,417,645	1,411,622,231
Net assets released from restrictions for operations	35,810	303,652
Total operating revenues	1,509,453,455	1,411,925,883
Operating expenses		
Salaries	168,261,434	155,135,213
Benefits	56,251,968	49,186,140
Medical services, supplies and drugs	172,474,501	211,667,398
Cost of pharmacy and thrift stores sales	818,988,980	722,075,551
Rent and other facilities related expenses	53,385,299	47,034,518
Depreciation and amortization	18,207,717	14,887,029
Interest expense	1,907,137	1,238,418
Provision for bad debts	7,955,023	3,573,253
Insurance	2,498,492	2,384,598
Professional services	32,404,197	33,473,779
Charitable contributions	8,873,792	10,182,912
Other expenses	73,786,308	96,172,778
Total operating expenses	1,414,994,848	1,347,011,587
Income from operations	94,458,607	64,914,296
Investment income (loss), net	7,926,804	(69,288)
Increase in net assets without donor restrictions	102,385,411	64,845,008
Changes in net assets with donor restrictions		
Contributions	47,048	357,556
Net assets released from restrictions for operations	(35,810)	(303,652)
Increase in net assets with donor restrictions	11,238	53,904
Increase in net assets	102,396,649	64,898,912
Net assets, beginning of year	387,008,660	322,109,748
Net assets, end of year	\$ 489,405,309	\$ 387,008,660

See notes to consolidated financial statements.

AIDS Healthcare Foundation
Consolidated Statements of Functional Expenses
Years ended December 31, 2019 and 2018

	<u>Healthcare Services</u>	<u>Housing Services</u>	<u>Thrift Stores</u>	<u>Outreach</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
2019							
Salaries	\$ 137,221,606	\$ 802,516	\$ 4,782,463	\$ 13,261,563	\$ 1,662,908	\$ 10,530,378	\$ 168,261,434
Benefits	45,372,830	166,408	1,890,401	4,905,452	362,463	3,554,415	56,251,968
Medical services, supplies and drugs	164,175,122	21	13,097	8,000,510	4,801	280,950	172,474,501
Cost of pharmacy and thrift stores sales	818,935,145	-	53,835	-	-	-	818,988,980
Rent and other facilities related expenses	37,423,813	2,041,113	2,496,855	3,141,001	145,326	8,137,191	53,385,299
Depreciation and amortization	12,686,383	835,812	117,444	841,703	16,561	3,709,814	18,207,717
Interest expense	1,243,773	-	14,428	73,288	-	575,649	1,907,137
Provision for bad debts	7,715,570	180,110	19,000	28,027	-	12,317	7,955,023
Insurance	1,545,074	117,473	77,009	213,448	1,777	543,711	2,498,492
Professional services	19,902,934	519,368	256,415	5,584,599	529,956	5,610,926	32,404,197
Charitable contributions	1,176,967	14,415	-	5,510,685	1,784,398	387,327	8,873,792
Other expenses	55,366,309	77,413	963,913	12,339,021	1,785,997	3,253,655	73,786,308
	<u>\$ 1,302,765,526</u>	<u>\$ 4,754,648</u>	<u>\$ 10,684,861</u>	<u>\$ 53,899,296</u>	<u>\$ 6,294,186</u>	<u>\$ 36,596,332</u>	<u>\$ 1,414,994,848</u>
	<u>Healthcare Services</u>	<u>Housing Services</u>	<u>Thrift Stores</u>	<u>Outreach</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
2018							
Salaries	\$ 127,199,097	\$ 300,844	\$ 4,444,818	\$ 12,519,281	\$ 1,468,387	\$ 9,202,786	\$ 155,135,213
Benefits	40,103,274	98,955	1,736,842	4,651,930	381,773	2,213,366	49,186,140
Medical services, supplies and drugs	205,531,180	5,666	1,037	5,953,040	51,534	124,941	211,667,398
Cost of pharmacy and thrift stores sales	722,039,097	-	36,454	-	-	-	722,075,551
Rent and other facilities related expenses	36,002,829	1,636,144	2,432,861	3,091,822	115,243	3,755,619	47,034,518
Depreciation and amortization	9,925,696	498,917	142,329	1,201,410	20,083	3,098,594	14,887,029
Interest expense	814,711	7	8,866	45,014	-	369,820	1,238,418
Provision for bad debts	3,120,813	4,957	-	447,483	-	-	3,573,253
Insurance	2,013,653	120,797	46,458	141,481	758	61,451	2,384,598
Professional services	20,274,676	470,269	219,351	5,946,721	307,240	6,255,522	33,473,779
Charitable contributions	1,458,748	43,104	-	6,397,183	2,078,605	205,272	10,182,912
Other expenses	54,462,066	107,193	833,484	33,164,795	2,513,228	5,092,012	96,172,778
	<u>\$ 1,222,945,840</u>	<u>\$ 3,286,853</u>	<u>\$ 9,902,500</u>	<u>\$ 73,560,160</u>	<u>\$ 6,936,851</u>	<u>\$ 30,379,383</u>	<u>\$ 1,347,011,587</u>

See notes to consolidated financial statements.

AIDS Healthcare Foundation
Consolidated Statements of Cash Flows

	Years ended December 31	
	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 102,396,649	\$ 64,898,912
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Impairment of goodwill and intangible assets	-	275,000
Depreciation of property and equipment	16,651,959	13,415,299
(Gain) loss on investment	(5,425,431)	3,194,911
(Gain) loss on sale of property and equipment	(3,544,506)	26,221
Amortization of debt issuance costs	274,525	158,397
Amortization of intangible assets	1,555,758	1,471,730
Provision for bad debts	7,955,023	3,573,253
Unrealized loss on interest rate swap	694,688	190,159
Contributed pharmacy inventory	5,274,441	2,000,245
Changes in operating assets and liabilities:		
Accounts receivable	(18,759,232)	(11,204,654)
Premiums revenue receivable	(260,868)	4,448,895
Grant revenue receivable	(3,270,310)	(2,845,449)
Inventories	(13,167,624)	(6,137,341)
Prepaid expenses, deposits, and other current assets	781,378	(211,808)
Accounts payable	27,299,349	(18,014,110)
Unearned premiums	(9,487,497)	(20,457,559)
Accrued expenses	1,024,409	6,205,850
Claims payable	(2,086,229)	4,604,924
Deferred rent	36,337	101,877
Net cash provided by operating activities	107,942,819	45,694,752
Cash flows from investing activities		
Purchases of property and equipment	(100,478,915)	(67,992,763)
Proceeds from sale of property and equipment	15,836,134	-
Sales of investments, net	6,172,094	54,139,666
Net cash used in investing activities	(78,470,687)	(13,853,097)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	63,600,000	21,930,000
Principal payments on long-term debt	(27,149,208)	(3,237,364)
Debt issuance costs	(682,746)	(283,000)
Net cash provided by financing activities	35,768,046	18,409,636
Net change in cash, cash equivalents and restricted cash	65,240,178	50,251,291
Cash, cash equivalents and restricted cash, beginning of year	89,699,783	39,448,492
Cash, cash equivalents and restricted cash, end of year	\$ 154,939,961	\$ 89,699,783
Supplemental disclosures of cash flow information		
Cash paid for interest during the year	\$ 1,907,137	\$ 1,238,418

See notes to consolidated financial statements.

AIDS Healthcare Foundation
Consolidated Statements of Cash Flows (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statement of cash flows.

	Years ended December 31	
	2019	2018
Cash and cash equivalents	\$ 148,111,850	\$ 82,871,672
Restricted cash included in assets limited as to use	6,828,111	6,828,111
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	\$ 154,939,961	\$ 89,699,783

See notes to consolidated financial statements.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

AIDS Healthcare Foundation (the Foundation) headquartered in Los Angeles, California is a not-for-profit healthcare organization incorporated in 1987. The Foundation provides medical care for those affected by Human Immuno-deficiency Virus (HIV) or living with the Acquired Immune Deficiency Syndrome (AIDS). In addition, the Foundation participates in patient advocacy, housing and scientific research for those in need. The Mission of the Foundation is to provide “Cutting edge medicine and advocacy regardless of the ability to pay”. The Foundation has a network of 67 outpatient healthcare centers and 55 pharmacies that are located in 16 States including California, Florida, Texas, Washington, New York, New Jersey, Pennsylvania, Georgia, Nevada, Louisiana, South Carolina, Mississippi, Maryland, Illinois, Indiana and Ohio as well as Washington, DC and Puerto Rico. The Foundation operates 20 Out of the Closet Thrift Stores in 7 states. The Foundation also operates in 45 countries including 13 in Africa, 13 in the Americas, 10 in Asia and 9 in Europe. During 2019 and 2018, the Foundation purchased properties in Los Angeles, California and Hollywood, Florida to provide very low income and transitional housing.

Principles of Consolidation

The Foundation’s consolidated financial statements include the accounts of AIDS Healthcare Foundation, AHF Healthcare Centers, AHF MCO of Florida, Inc., AHF MCO of Georgia, Inc., AIDS Healthcare Foundation Disease Management of Florida, Inc., HIV Immunotherapeutics Institute (formerly AHF Pharmacy Network), AIDS Healthcare Foundation Texas, Inc., AJ Brooklyn Medical Practice, P.C., AIDS Task Force of Greater Cleveland, Women Organized to Respond to Life-threatening Diseases (WORLD), AIDS Center of Queens County, Inc. (ACQC), South Side Help Center, Inc. (SSHC), AID Atlanta, Incorporated, AIDS Outreach Center (AOC), IRIS House, AIDS Interfaith Network, Inc.(AIN), AHF China LLC., and Coalition to Preserve LA. All significant inter-organization balances and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated 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 assets classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed 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 the 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 passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are classified from net assets with donor restrictions to net assets without donor restrictions in the statement of operations and changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Significant items subject to such estimation include: retroactive adjustments on premium revenues, valuation allowances on receivables, useful lives for property and equipment, estimates of the liability for claims incurred but not reported, and interest rate swap valuation. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain highly liquid investments with original maturities of three months or less.

Assets Limited as to Use

Assets limited as to use primarily include deposits restricted by the States of Florida, California and Georgia in connection with the Foundation's Medicare and Medicaid health maintenance organization (HMO) contracts. Assets limited as to use include deposits as required by Florida Office of Insurance Regulation (FLOIR), the Florida Agency for Healthcare Administration (FL AHCA), the California Department of Managed HealthCare (CA DMHC) and the Georgia Office of Insurance and Safety Fire Commissioner. These assets consist primarily of cash deposits and investments in money market funds which are reported at fair value based on quoted market prices.

Inventories

Inventories consist of pharmacy drugs, test kits, condoms and thrift store merchandise. Thrift store inventory consists primarily of donated goods held for resale. Contributions of thrift store inventory are recorded in the period received at estimated fair value.

All inventories other than thrift store inventory are determined on the first-in, first-out (FIFO) method and are stated at the lower of cost or market.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at the estimated fair value at the date of donation. The provision for depreciation and amortization is computed using the straight-line method over the estimated useful life of each class of depreciable asset, except for leasehold improvements, for which amortization is provided over the shorter of the estimated useful life or remaining lease term, as follows:

Buildings and fixed equipment	5 to 50 years
Furniture and movable equipment	3 to 15 years
Software	3 to 10 years

The Foundation's policy is to capitalize acquisitions of property and equipment with a cost of \$1,000 or more. Maintenance, repairs, and investments in minor equipment are charged to operations. Expenditures that will materially increase the value of properties or extend useful lives are capitalized.

Impairment of Long-lived Assets

The Foundation reviews the carrying amount of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The measurement of possible impairment is based primarily on the undiscounted future operating cash flows without interest charges generated through the use of these assets during their remaining estimated useful life. The assessed recoverability of long-lived assets will be impacted if estimated future operating cash flows are not achieved. Based upon its most recent analysis, the Foundation believes that no events occurred during the years ended December 31, 2019 and 2018 that would impair the carrying amount of its long-lived assets.

Goodwill and Intangible Assets

Goodwill represents the excess of cost of an acquired entity over the net of the amounts assigned to the fair value of assets acquired and liabilities assumed less fair value of assets and businesses acquired. As of December 31, 2019, and 2018, goodwill of \$5,972,930 is recorded in the Foundation's consolidated balance sheets within intangibles, deposits and other assets. Goodwill is reviewed annually for impairment or more frequently if events or circumstances indicate that the carrying value of an asset may not be recoverable. In accordance with GAAP, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to the determination that it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, after assessing the totality of events and circumstances, an entity determines that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary.

Intangible assets primarily represent the customer relationships acquired in the MOMs Pharmacies business acquisition. The intangible was measured at fair value using Level 3 inputs. The income approach was utilized in valuing the customer relationships, whereby the Foundation capitalized the future cash flows attributable to the customers based upon their expected future mortality dispersion function. The value of the customer relationships is amortized, to reflect the pattern of economic benefits consumed, on a straight-line basis over its useful life of 15 years.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Intangible Assets (Continued)

As of December 31, 2019, and 2018, net intangible assets amounted to \$13,074,699 and \$14,630,457, respectively.

Based on management's analysis, goodwill and intangible assets amounting to \$0 and \$275,000 was written off for the years ended December 31, 2019 and 2018, respectively.

Debt Issuance Costs

Debt issuance costs are deferred and amortized to interest expense using a method that approximates the effective-level-interest method over the term of the related debt. The debt issuance costs are related to the notes and loan agreements with Wells Fargo as further described in Note 12.

Claims Payable

Claims payable includes the liability for claims and medical services incurred but not paid and the estimated liability for claims incurred but not reported as of year end. The liability for claims incurred but not reported is determined based on historical evaluations and statistical analysis of paid claims. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid claims is adequate. The estimate is continually reviewed and adjusted, as necessary, based on claims experience or as new information becomes known; such adjustments are included in current operations.

Revenue Recognition

The Foundation has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* which provides guidance to clarify and improve the scope and accounting for contributions received and made. The Company has also adopted ASU No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer or promised goods and services to customers. Management's analysis of the various provisions of these standards resulted in no significant changes in the way the Foundation recognizes revenue. The presentation and disclosures of revenue in the accompanying consolidated financial statements have been enhanced in accordance with this ASU.

Pharmacy Revenue

The Foundation has agreements with third-party payers that provide payments to the Foundation at amounts different from its established rates. Payment arrangements include contracted calculations based upon Average Wholesale Price or Acquisition Cost. Pharmacy revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for pharmacy drugs dispensed. The allowance for doubtful accounts from pharmacy revenue receivables amounted to \$7,937,240 and \$6,046,344 at December 31, 2019 and 2018, respectively.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pharmacy Revenue (Continued)

The Foundation recognizes revenue when control of the prescription drugs is transferred to customers, in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those prescription drugs. The following revenue recognition policies have been established:

1. Revenues generated from prescription drugs sold in the pharmacies and associated administrative fees are recognized at the Foundation's point-of-sale, which is when the claim is adjudicated by the Foundation's online claims processing system and the Foundation has transferred control of the prescription drug to the customer and performed all of its performance obligations.
2. Revenues generated from prescription drugs sold by mail service are recognized when the prescription drug is delivered to the customer. At the time of delivery, the Foundation has performed substantially all of its performance obligations under its client contracts and does not experience a significant level of returns or reshipments.

Net Patient Service Revenue

The Foundation has agreements with third-party payers that provide for payments to the Foundation at amounts different from its established rates. Payment arrangements include individually contracted rates determined between the Foundation and the third-party payers as well as charges determined by publicly funded payers including Medi-Cal, Medicaid and Medicare. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including retroactive adjustments that are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Provision for bad debts from patient service revenue amounted to \$220,594 and \$16,304 for the years ended December 31, 2019 and 2018, respectively.

Patient service revenues are recognized as performance obligations are satisfied. Inpatient services are performance obligations satisfied over time and revenue is recognized based on actual charges incurred in relation to total expected or actual charges. The performance obligations for these contracts are generally completed when the patients are discharged. Outpatient services are performance obligations satisfied at a point in time and revenue is recognized when goods or services are provided. The Foundation uses the portfolio approach to account for categories of patient contracts as a collective group, rather than recognizing revenue on an individual contract basis. The portfolios consist of major payer classes for inpatient and outpatient revenue. Based on historical trends, the Foundation believes that the revenue recognized by utilizing the portfolio approach approximates that revenue that would have been recognized if an individual contract approach is used.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Premiums

The Foundation has agreements with third-party payers to provide medical services and/or disease management to subscribing participants. Under these agreements, the Foundation receives monthly capitation payments based on the number of each payer's participants, regardless of services actually performed by the Foundation.

Premiums are billed monthly and are recognized as revenue over the period in which the Foundation is obligated to provide services to its members. Premiums collected in advance are recorded as unearned premiums liability. Premiums are a predetermined amount on a per member per month (PMPM) basis. For the Medicare Plans, the Center for Medicare and Medicaid Services (CMS) determines the amount based on the county in which the member resides and other factors.

For the Medicaid Plans, the Medicaid agency for each state determines the amount based on the county in which the member resides and other factors. Member census is subject to audit and retroactive adjustment and such adjustments when determinable are included in current operations. Retroactive adjustments are accrued on an estimated basis in the period the related services are provided and adjusted in future periods as final settlements are determined.

Contracts, laws and regulations governing Medicare and Medicaid are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

Grant Revenue

A portion of the Foundation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in accordance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated balance sheet. For the year ended December 31, 2019, the Foundation received no cost-reimbursable grant awards that were not recognized as revenue. For other types of grants, revenue is recognized when the service has been performed.

No advance payments were received that were required to be recorded in the consolidated balance sheet as a refundable advance as of December 31, 2019.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

statement of operations and changes in net assets as net assets released from restrictions.

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

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services, fundraising and administration.

Such allocations are determined by management on an equitable basis. The expenses were mainly allocated using the time and effort method (salaries, benefits, and other expenses), usage (supplies), full time equivalents (rent and other facilities related expenses).

Federal and State Income Taxes

The Foundation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation code and is generally not subject to federal or state income taxes. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements taken as a whole.

GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the years ended December 31, 2019 and 2018, the Foundation had no material unrecognized tax benefits or tax penalties or interest.

The Foundation's federal and state income tax returns for the years 2015 through 2019 are subject to examination by regulatory agencies. Tax returns are subject to examination generally for three and four years after they were filed for federal and state, respectively.

Charity Care

The Foundation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Foundation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

For lease agreements that provide for escalating rent payments or free-rent occupancy periods, the Foundation recognizes rent expense on a straight-line basis over the non-cancelable lease term and option renewal periods where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. The lease term commences on the date that the Foundation takes possession or controls the physical use of the property. As of December 31, 2019 and 2018, deferred rent (non-current) of \$2,929,047 and \$2,892,710 are recorded on the consolidated balance sheets.

Transactions in Foreign Currencies

The Foundation operates in 45 countries and accordingly, transacts in the local currencies of those countries. These foreign currency transactions are translated into U.S. dollars at the appropriate exchange rates when each transaction is executed. The net loss from foreign currency transactions amounted to \$728,804 and \$2,131,804 for the years ended December 31, 2019 and 2018, respectively, and is included in other expenses in the accompanying consolidated statements of operations and changes in net assets. The U.S. dollar is considered to be the functional and reporting currency of the Foundation.

Interest Rate Swap

The Foundation entered into interest rate swap agreements as a hedge against the variability in future interest payments due on certain long-term debts. The terms of the swap agreements effectively convert the variable rate interest payments due on the term notes to fixed rates through maturity (see Note 13). In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification 815 (ASC 815), *Accounting for Derivative Instruments and Hedging Activities*, the interest rate swap is measured at fair value and recognized as either an asset or a liability in the balance sheets. The change in fair value of the swap is recognized as a gain or loss in the period of change.

Fair Value Measurements

Generally accepted accounting principles, which define fair value, establish a framework for measuring fair value and disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities are measured at fair value using a three-level fair value hierarchy that ranks the quality and reliability of the information used to measure fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

NOTE 1 DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3: Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3.

Reclassifications

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform to the 2019 presentation.

New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of use asset and a liability, initially measured at the present value of the lease payments, in its balance sheet. Lessor accounting is largely unchanged from that applied under current GAAP. This accounting standard will also require additional disclosure about the amount, timing, and uncertainty of cash flows arising from leases. This accounting standard is effective for fiscal years beginning after December 15, 2020.

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements on fair value measurements in *Topic 820, Fair Value Measurement*, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The new standard will be effective for fiscal years beginning after December 15, 2019.

In August 2018, FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 helps entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. The new standard will be effective for fiscal years beginning after December 15, 2020.

NOTE 2 NET PATIENT SERVICE REVENUE

The Foundation has agreements with third party payers that provide for payments to the Foundation at amounts that vary from its established rates. The difference between patient charges and the related contractual payment amount for the years ended December 31 is reflected below:

	2019	2018
Gross patient service revenue	\$ 34,815,994	\$ 30,342,308
Contractual discounts and provision for bad debts	(25,806,560)	(22,081,464)
Net patient service revenue	\$ 9,009,434	\$ 8,260,844

A summary of the payment arrangements with major third-party payers follows:

Medi-Cal and Medicaid

The Medi-Cal and Medicaid programs accounted for approximately 15% and 18% of consolidated net patient service revenue in 2019 and 2018, respectively. Outpatient services rendered to Medi-Cal and Medicaid program beneficiaries are paid at prospectively determined rates for outpatient care.

Medicare

The Medicare program accounted for approximately 15% and 17% of consolidated net patient service revenue in 2019 and 2018, respectively. Healthcare services rendered to Medicare program beneficiaries are paid at prospectively determined rates for outpatient care. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Other Third-party Payers

The Foundation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. These payers accounted for approximately 70% and 65% of consolidated net patient service revenue in 2019 and 2018, respectively. The basis for payment to the Foundation under these agreements includes, among others, discounts from established charges, and prospectively determined daily rates.

NOTE 3 PREMIUMS

Positive Healthcare

California Medicaid Primary Care Case Management (PCCM)

In April 1995, the Foundation contracted with the California Department of Health Care Services (DHCS) to provide capitated HIV healthcare to Medi-Cal beneficiaries. The capitated plan is known as Positive Healthcare (the Plan). Positive Healthcare has a comprehensive network of providers and offers the following contracted services: primary medical care, specialty consultation, outpatient services, pharmaceuticals, hospice, and long-term facility care to voluntary members of the plan. DHCS compensates the Foundation on a per member per month (PMPM) capitated basis. Acute inpatient services for members of the plan are the fiscal responsibility of DHCS.

NOTE 3 PREMIUMS (CONTINUED)

Membership contracts with DHCS are on a monthly basis subject to cancellation by the DHCS or the member based on loss of Medi-Cal benefits, dissatisfaction with the program, death, relocation or incarceration. Premiums are due monthly and are recognized as revenue during the period in which Positive Healthcare is obligated to provide services to members. As part of the contract, the Foundation and DHCS share in the net savings between the costs of providing services on an inpatient fee-for-service basis compared to the Foundation's plan experience.

The Foundation had a savings sharing and rate dispute with DHCS. In December 2017, the Foundation entered into a Settlement Agreement with DHCS whereby the Foundation agreed to pay DHCS \$624,103 in full and final settlement of all claims arising from and related to the 2009, 2010 and 2012 capitation rates, the 2007 to 2009 savings sharing calculation and prescription drugs approved by the Federal Drug Administration after January 1, 2007. In addition, the Foundation and DHCS agreed that all rates paid to the Foundation for the service periods through and including December 31, 2017 are deemed final rates, regardless of the status of formal notification, issuance of change orders or whether the rates were designated as preliminary or final rates. The program ended on June 30, 2019.

In July 2019, the Foundation entered a new contract with DHCS to provide capitated HIV healthcare to Medi-Cal beneficiaries. The contract is similar to the terminated contract with additional services, which includes hospital inpatient and additional prescription coverage.

The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not yet reported to the Foundation as of year-end.

Florida Medicaid HMO

In May 2010, AHF MCO of Florida, Inc. (AHF MCO) contracted with State of Florida Agency for Health Care Administration (FL AHCA) to provide Medicaid managed care services as Positive Healthcare to Medicaid beneficiaries living with a diagnosis of HIV/AIDS in Broward County. In September 2012, AHF MCO contracted with State of Florida AHCA to provide similar services in Dade County. In January 2014, FL AHCA and AHF MCO entered into a new contract to provide similar HMO services to Medicaid beneficiaries beginning on July 1, 2014. Positive Healthcare began serving Medicaid beneficiaries in Broward, Dade and Monroe Counties. Positive Healthcare has a comprehensive network of contracted providers and offers the full range of Medicaid benefits, including contracted services: primary medical care, specialty consultation, outpatient services, pharmaceuticals and hospitalization. FL AHCA compensates the Foundation on a per member per month (PMPM) capitated basis, based on each member's diagnosis.

NOTE 3 PREMIUMS (CONTINUED)

Florida Medicaid HMO (Continued)

Enrollment in this HMO is voluntary and subject to cancellation by FL AHCA or the member based on loss of Medicare benefits, dissatisfaction with the program, death, relocation or incarceration. Premiums are due monthly and are recognized as revenue during the period in which Positive Healthcare is obligated to provide services to members.

The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not yet reported to the Foundation as of year-end.

As of February 2019, the Florida Medicaid HMO has been discontinued. The Foundation will continue to pay claims on a run-off basis. The Foundation does not expect the discontinuance to have a material financial impact.

Positive Healthcare Partners

California Medicare HMO, Florida Medicare HMO and Georgia Medicare HMO

In January 2006, the Foundation contracted with the Centers for Medicare and Medicaid Services (CMS) to provide a Medicare Advantage Part D Special Needs Plan to Medicare beneficiaries living with a diagnosis of HIV/AIDS in Los Angeles County. The Foundation established a California HMO to provide these services known as Positive Healthcare Partners. In January 2008, the Foundation contracted with CMS to provide a Medicare Advantage Part D Special Needs Plan to Medicare beneficiaries living with a diagnosis of HIV/AIDS in Broward and Dade Counties. The Foundation established a Florida HMO to provide these services known as Positive Healthcare Partners. In April 2017, the Foundation received an HMO Certificate of Authority from the State of Georgia Office of Commissioner of Insurance. In August 2017, the Foundation contracted with CMS to provide a Medicare Advantage Part D Special Needs Plan to Medicare beneficiaries living with a diagnosis of HIV/AIDS in Fulton County. The Plan began operations on January 1, 2018.

These HMOs have a comprehensive network of contracted providers and offers the full range of traditional Medicare Parts A, B, and D benefits, including the following contracted services: primary medical care, specialty consultation, outpatient services, pharmaceuticals, hospice, hospitalization, rehabilitation services, behavioral health and skilled nursing facility care to voluntary members of the plan. CMS compensates the Foundation on a per member per month (PMPM) capitated basis, based on each member's risk scoring as outlined in Medicare Advantage Risk Adjustment Policies.

Enrollment in these HMOs is voluntary and subject to cancellation by CMS or the member based on loss of Medicare benefits, dissatisfaction with the program, death, relocation or incarceration. Premiums are due monthly and are recognized as revenue during the period in which Positive Healthcare Partners is obligated to provide services to members.

The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not yet reported to the Foundation as of year-end.

NOTE 3 PREMIUMS (CONTINUED)

Project AIDS Care (PAC)

The Foundation is contracted with the State of Florida Agency of Health Care Administration to provide services related to Project AIDS Care (PAC) Waiver Program. The program ended December 31, 2017. The amount recorded in 2018 were residual amounts due to the Foundation.

The net premiums earned under the above programs for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Positive Healthcare Partners - Medicare (Florida) \$	94,639,164	\$ 88,469,321
Positive Healthcare Partners - Medicare (California)	42,369,680	42,797,668
Positive Healthcare - Medi-Cal (California)	11,688,252	12,137,898
Positive Healthcare - Medicaid (Florida)	7,351,350	50,652,919
Positive Healthcare Partners - Medicare (Georgia)	960,314	248,082
Project AIDS Care (Florida)	-	51,373
Net premiums earned	\$ 157,008,760	\$ 194,357,261

NOTE 4 GRANT REVENUE

Los Angeles County

Los Angeles County (the County) reimburses the Foundation for services provided to eligible beneficiaries that reside within the County. The County program accounted for approximately 12% and 13% of consolidated grant revenues in 2019 and 2018, respectively. For outpatient services, the Foundation is reimbursed at a contracted rate with final settlement determined after submission of annual cost reports by the Foundation and audits thereof by the County. The Foundation's County cost reports have been reviewed and settled with the County through February 2019.

Other Counties

Other significant grant revenue sources were generated from affiliates, ACQC and AID Atlanta. For the years ended December 31, 2019 and 2018, ACQC grant revenue accounted for 22% and 23%, respectively while AID Atlanta accounted for 11% and 13%, respectively, of consolidated grant revenues.

NOTE 5 AVAILABILITY AND LIQUIDITY

At December 31, the following represents the Foundation's financial assets:

Financial assets	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 148,111,850	\$ 82,871,672
Pharmacy revenue receivable	71,961,553	61,344,162
Premium revenue receivable	8,318,026	8,057,158
Grant revenue receivable	14,548,985	11,278,675
Accounts receivable	6,111,166	5,924,348
Investments	77,743,525	78,490,188
Restricted cash included in assets limited as to use	6,828,111	6,828,111
Total financial assets	333,623,216	254,794,314
Less amounts not available to be used within one year:		
Long-term investments	(60,813,423)	(68,510,128)
Restricted cash included in assets limited as to use	(6,828,111)	(6,828,111)
Net assets with donor restrictions	368,794	357,556
Less net assets with donor restrictions to be met in less than a year	<u>(368,794)</u>	<u>(357,556)</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>265,981,682</u>	\$ <u>179,456,075</u>

As part of the Foundation's liquidity plan, the Foundation invests excess cash in short and long-term investments, including money market accounts, fixed income and equity securities. The Foundation has a \$30 million line of credit available to meet cash flow needs.

NOTE 6 INVENTORIES

At December 31, inventories consist of:

	<u>2019</u>	<u>2018</u>
Pharmacy drugs	\$ 39,503,421	\$ 31,027,103
Test kits inventory	791,768	1,686,231
Thrift store inventory	1,400,015	1,239,092
Condoms	1,178,409	1,028,004
Total inventories	\$ <u>42,873,613</u>	\$ <u>34,980,430</u>

NOTE 7 ASSETS LIMITED AS TO USE

At December 31, the composition of assets limited as to use is set forth in the following table:

	2019	2018
Restricted deposits:		
Cash deposit held as collateral for Georgia Medicare HMO contract	\$ 3,000,000	\$ 3,000,000
Cash deposit held by the State of Georgia for Georgia Medicare HMO contract	1,000,000	1,000,000
Money market account restricted for Florida PHC	2,187,753	2,187,753
Cash deposits held by the State of Florida for Florida Medicare HMO contract	300,000	300,000
Money market mutual funds restricted for California Medicare HMO contract	340,358	340,358
Total assets limited as to use	\$ 6,828,111	\$ 6,828,111

NOTE 8 INVESTMENTS

At December 31, investments consist of:

	2019	2018
Fixed income	\$ 54,099,709	\$ 51,488,856
Public equity	12,073,075	16,216,143
Private equity	5,790,968	6,190,891
Hedge funds	3,271,670	514,331
Venture capital	2,508,103	2,537,527
Asset allocation	-	1,542,440
	77,743,525	78,490,188
Less short-term portion	(16,930,102)	(9,980,060)
Long-term investments	\$ 60,813,423	\$ 68,510,128

AIDS Healthcare Foundation
Notes to the Consolidated Financial Statements
Years ended December 31, 2019 and 2018

NOTE 8 INVESTMENTS (CONTINUED)

The following table sets forth by level within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2019:

	Fair Value Measurements at December 31, 2019 Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed income	\$ 22,689,078	\$ 31,410,631	\$ -	\$ 54,099,709
Public equity	11,103,704	969,371	-	12,073,075
Private equity	-	185,995	5,604,973	5,790,968
Hedge funds	-	3,271,670	-	3,271,670
Venture capital	-	-	2,508,103	2,508,103
Total	\$ 33,792,782	\$ 35,837,667	\$ 8,113,076	\$ 77,743,525

The following table sets forth by level within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2018:

	Fair Value Measurements at December 31, 2018 Using			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed income	\$ 22,050,207	\$ 29,438,649	\$ -	\$ 51,488,856
Public equity	16,216,143	-	-	16,216,143
Private equity	-	3,533,708	2,657,183	6,190,891
Hedge funds	-	514,331	-	514,331
Venture capital	-	-	2,537,527	2,537,527
Asset allocation	1,542,440	-	-	1,542,440
Total	\$ 39,808,790	\$ 33,486,688	\$ 5,194,710	\$ 78,490,188

The Foundation utilizes an external investment advisor to oversee the valuation process of the Foundation's Level 3 investments. The advisor is responsible for approving the valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies. These valuations are required to be supported by market data, third-party pricing sources, industry accepted pricing models, counterparty prices, or other methods the advisor deems to be appropriate, including the use of internal proprietary pricing models.

AIDS Healthcare Foundation
Notes to the Consolidated Financial Statements
Years ended December 31, 2019 and 2018

NOTE 8 INVESTMENTS (CONTINUED)

A reconciliation of investments in which significant unobservable inputs (Level 3) for the years ended December 31, 2019 and 2018 were used in determining fair value is as follows:

	<u>2019</u>	<u>2018</u>
Level 3 investments, beginning of year	\$ 5,194,710	\$ 3,921,474
Increase in unrealized appreciation on investments	175,173	250,696
Purchases	2,743,193	1,036,577
Dispositions	-	(14,037)
Level 3 investments, end of year	\$ <u>8,113,076</u>	\$ <u>5,194,710</u>

NOTE 9 PROPERTY AND EQUIPMENT

At December 31, property and equipment is composed of:

	<u>2019</u>	<u>2018</u>
Land	\$ 106,755,405	\$ 72,626,845
Buildings	118,104,566	78,073,790
Leasehold improvements	29,274,210	25,084,428
Furniture and fixtures	9,915,166	8,421,856
General equipment	24,328,514	22,793,220
Vehicles	10,528,961	9,440,474
Computer software	23,167,753	19,627,549
Computer equipment	24,489,692	19,953,348
Low value assets	2,002,803	1,510,638
Assets under construction	8,465,376	9,770,709
Total	<u>357,032,446</u>	<u>267,302,857</u>
Accumulated depreciation and amortization	<u>(92,519,084)</u>	<u>(74,324,823)</u>
Property and equipment, net	\$ <u>264,513,362</u>	\$ <u>192,978,034</u>

Provision for depreciation and amortization of property and equipment amounted to \$16,651,959 and \$13,415,299 in 2019 and 2018, respectively.

Real Estate Properties at Fair Value

During 2019 and 2018, the Foundation had several land and buildings (properties) appraised to determine the properties' current fair value. Eighteen properties with a book value of \$49,067,797 as of December 31, 2019, have not been appraised including 15 in the United States and three in Kenya and Uganda.

AIDS Healthcare Foundation
Notes to the Consolidated Financial Statements
Years ended December 31, 2019 and 2018

NOTE 9 PROPERTY AND EQUIPMENT (CONTINUED)

Real Estate Properties at Fair Value (Continued)

The schedule below summarizes the comparison of the net book value of the properties at December 31, 2019 with the appraised fair values:

Location	State	Appraisal Date	Net Book Value	Fair Value
4905 Hollywood Blvd	CA	9/16/2019	\$ 32,707,120	\$ 32,750,000
Baltimore - 501 S. Los Angeles St	CA	3/29/2019	22,540,089	21,500,000
King Edward- 121 E. 5th St	CA	7/31/2018	16,391,573	11,150,000
Madison - 423 & 427 East 7th St	CA	7/31/2018	9,868,254	13,250,000
6520 West Sunset Boulevard & 1443 Hudson	CA	8/14/2019	8,401,973	8,400,000
6500 Sunset Blvd	CA	7/31/2018	5,863,259	8,000,000
PHD - 1710 N. La Brea Ave/1725 El Cerrito Ave	CA	7/31/2018	5,814,066	7,475,000
SOS - 6516 Sunset Blvd	CA	7/31/2018	4,865,773	4,610,000
Linn House - 1001 Martel Ave	CA	7/31/2018	3,683,442	11,600,000
Carl Bean - 2146 W. Adams	CA	7/31/2018	2,847,535	7,900,000
Atwater - 3160 Glendale Ave	CA	8/1/2018	2,372,284	3,450,000
Condo - 6735 Yucca St #411	CA	8/1/2018	654,977	795,000
700&750 SE 3rd Av	FL	9/5/2018	11,051,656	11,400,000
2400 Biscayne	FL	9/14/2018	7,155,768	9,100,000
2601 34th St.	FL	9/18/2018	3,792,038	3,100,000
409/411/501/505 SE 8th Ave	FL	9/5/2018	3,699,910	7,000,000
1349 N. Mills Ave	FL	9/5/2018	2,437,186	2,300,000
1785 Sunrise Blvd.	FL	9/14/2018	2,208,649	2,280,000
229/237 NE 24th	FL	9/15/2018	1,745,762	2,200,000
Wilon Manors - 2097 Wilton Dr	FL	9/14/2018	1,703,760	1,850,000
4300 Bayou Blvd	FL	8/31/2018	865,561	850,000
2125 Illinois/2231 McGregor	FL	8/31/2018	387,333	915,000
735 Piedmont Ave NE	GA	10/1/2018	1,904,284	1,825,000
IRIS House - 2348 Adam Clayton Blvd	NY	7/12/2019	3,471,674	3,580,000
1220 High St	OH	8/6/2018	4,108,494	3,700,000
			<u>\$ 160,542,419</u>	<u>\$ 180,980,000</u>

The appraised values of the real estate properties have been prepared giving consideration to the income capitalization and sales comparison approaches of estimating property value.

Under the income capitalization approach, the anticipated future benefits or income stream is capitalized and/or discounted to its present value to estimate fair value. This is accomplished by either direct capitalization or yield capitalization (discounted cash flow analysis).

NOTE 9 PROPERTY AND EQUIPMENT (CONTINUED)

Real Estate Properties at Fair Value (Continued)

Direct capitalization analysis uses a single year's net operating income divided by an appropriate capitalization rate to estimate value. Yield capitalization or discounted cash flow analysis uses several future years of net operating income, with reversion, discounted by an appropriate yield rate. The sales comparison approach compares recent transactions to the appraised property. Adjustments are made for conditions of sale, property rights, financing, market conditions, locations and physical differences. This approach is highly dependent on an active sales market with an adequate amount of comparable sales data.

Since the resulting valuation are based on estimates, the appraised values reflected in the schedule above can materially differ from the values that would be determined by negotiations held between parties in a sales transaction.

NOTE 10 CLAIMS PAYABLE

Claims payable is reviewed periodically, with any necessary adjustments reflected during the current period in the results of operations. While the ultimate amount of claims payable and related expenses are dependent on future developments, it is management's opinion that the liability that has been established is adequate to cover such costs.

The summary of changes in claims payable for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Claims payable at beginning of year	\$ 22,223,621	\$ 17,618,697
Incurred hospital and medical services claims:		
Current year	175,719,724	204,869,888
Prior years	(6,810,105)	(5,599,475)
Total incurred	168,909,619	199,270,412
Paid hospital and medical services claims:		
Current year	(157,207,401)	(184,430,348)
Prior years	(13,788,447)	(10,235,140)
Total paid	(170,995,848)	(194,665,489)
Claims payable at end of year	\$ 20,137,392	\$ 22,223,621

As of December 31, 2019, and 2018, the liability for unpaid claims and claims adjustment expenses was \$20,137,392 and \$22,223,621, respectively. The estimated ultimate claims and claims adjustment expenses incurred decreased by approximately \$6.8 million related to prior years. This favorable development is generally the result of ongoing analysis of recent claim payments and claim development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

AIDS Healthcare Foundation
Notes to the Consolidated Financial Statements
Years ended December 31, 2019 and 2018

NOTE 11 LINE OF CREDIT

The Foundation has a line of credit agreement with a bank, renewed on December 1, 2019, that provides for secured borrowings up to \$30 million, at a rate per annum equal to the prime rate or LIBOR rate plus 1.875%. The agreement expires on December 31, 2021. There was no outstanding balance on the line of credit as of December 31, 2019 and 2018. The Foundation is subject to certain financial covenants relating to net assets, net income, and a specified debt ratio.

NOTE 12 LONG-TERM DEBT

At December 31, long-term debt consists of:

	2019	2018
Wells Fargo and City National Syndicated Series 2019 A-F Loans totalling \$63,600,000 bearing variable interest rates per annum compounded monthly on the outstanding balance. Principal is payable on the 1st of each month commencing in February 2020, with the final installment consisting of all remaining unpaid principal due and payable in full on January 1, 2040.	\$ 63,600,000	\$ -
Wells Fargo Series 2018 A and B Loans totalling \$21,930,000, bearing variable interest rates per annum compounded monthly on the outstanding balance. Principal was payable on the 1st of each month commencing in February 2019, with the final installment consisting of all remaining unpaid principal due and payable in full on January 1, 2039. The Foundation refinanced this debt as part of its December Series 2019 A-F debt issuance.	-	21,930,000
Wells Fargo Public Financing Authority Bond of \$18,746,162 bearing interest at 3.46% per annum compounded annually on the outstanding balance. Principal and interest is payable on the 1st of each month commencing April 2015 with the final installment consisting of all remaining unpaid principal due and payable in full on March 1, 2034.	14,175,505	15,115,750
Wells Fargo Term Note (Term Note) of \$10,000,000 bearing interest at 4% above LIBOR per annum compounded annually on the outstanding balance. Principal and interest is payable on the 1st of each month commencing December 2014 in installments of \$119,048 through October 1, 2021. This debt was paid in full in May 2019.	-	4,166,667
Wells Fargo Equipment Loan of \$2,027,979 bearing interest at 4.39% per annum compounded annually on the outstanding balance. Monthly principal and interest payments of \$37,706 were due on the 1st of each month commencing April 15, 2014 with a final installment paid on March 15, 2019.	-	112,296
	77,775,505	41,324,713
Current portion	(3,141,886)	(3,103,463)
Noncurrent portion	74,633,619	38,221,250
Less: debt issuance costs	(1,025,350)	(617,129)
Long-term debt \$	73,608,269	\$ 37,604,121

NOTE 12 LONG-TERM DEBT (CONTINUED)

Scheduled annual principal maturities of long-term debt, are as follows:

Year ending December 31	Amount
2020	\$ 3,141,886
2021	3,322,527
2022	3,376,521
2023	3,675,392
2024	3,096,544
Thereafter	61,162,635
Total	\$ 77,775,505

Interest on long-term debt charged as expense amounted to \$1,398,491 and \$922,497 for the years ended December 31, 2019 and 2018, respectively.

Wells Fargo Public Finance Authority (PFA) Bond

In March 2014, the Foundation extinguished all its outstanding debt as of December 31, 2013 by obtaining new loan agreements with Wells Fargo. The new loans have maturity dates ranging from two and half (2.5) to seven (7) years and bear interest ranging from 3.9% to 4.61% per annum. The new loans are collateralized by the Foundation's assets, including without limitation, accounts receivables and other rights to payment, general intangibles, inventories, equipment and fixtures, equity interest in all of its Subsidiaries, and a lien of first priority on certain real property described in the loan agreement.

On February 6, 2015, the Foundation and Wells Fargo amended the new loan agreements to delete AHF MCO of Florida, Inc.'s name from the list of guarantors.

In March 2015, the Foundation entered into agreements with Wells Fargo and the Public Finance Authority (PFA). Under the terms of the agreements, PFA issued the \$18.7 million Public Finance Authority Revenue Bonds (AIDS Healthcare Foundation Project), Series 2015, pursuant to the terms of the Indenture of Trust dated March 1, 2015 between PFA and Wells Fargo. Wells Fargo loaned the proceeds of the Bonds to the Foundation. The Foundation used the proceeds to refinance a portion of its existing debt and to pay certain costs incurred in connection with the issuance of the Bonds.

On March 14, 2017, the Foundation and Wells Fargo amended the above loan agreement. The amended and restated agreements provide for, among other terms, the increase in allowed value of permitted acquisitions.

Wells Fargo Series 2018 A and B Bonds

On December 20, 2018, the Foundation entered into agreements with Wells Fargo for the issuance of Series 2018A (\$19.4 million) and Series 2018B (\$2.5 million) loans. The Foundation intends to use the loan proceeds for the financing and refinancing of the acquisition, construction, improvement and operation of the Foundation's low-income housing projects. The Foundation refinanced these loans as part of its December 2019 Series A-F debt issuance.

NOTE 12 LONG-TERM DEBT (CONTINUED)

Wells Fargo and City National Syndicated Series 2019 A-F Bonds

On December 30, 2019, the Foundation entered into syndicated loan agreements with Wells Fargo and City National for the issuance of Series A-F loans totaling \$63.6 million, of which \$21.4 million represented refinancing of its outstanding Series 2018 A and Series B bonds and \$42.2 million in new debt. Under the terms of the agreement, the Foundation has the option to utilize up to \$36.4 million in additional funding. The Foundation intends to use the loan proceeds for the financing and refinancing of the acquisition, construction, improvement and operation of its low-income housing projects and other property purchases used for its operating activities.

NOTE 13 INTEREST RATE SWAP AGREEMENTS

The Foundation executed interest rate swap agreements with Wells Fargo Bank to manage debt service costs on its variable rate long-term debt by achieving a synthetic fixed rate payment in the swap counterparty and receiving a variable rate payment from the swap counterparty that effectively offsets the payment on the underlying variable rate debt.

The details of the swap agreements for the year ended December 31, 2019 are as follows:

	PFA Bond	Series 2018A Loan	Series 2018B Loan
Outstanding notional amount	\$ 14,175,505	\$ 19,435,000	\$ 2,495,000
Fixed interest rate	2.16%	2.641%	2.815%
Floating rate option	70% of USD- Libor-BBA	80.375% of USD- Libor-BBA	USD-Libor-BBA
Floating rate day count fraction	Actual/360	Actual/360	Actual/360
Trade date	3/17/2014	12/20/2018	12/20/2018
Effective date	3/17/2014	12/20/2018	12/20/2018
Termination date	3/17/2021	12/1/2028	12/1/2021

At December 31, 2019 and 2018, the fair value of the swap liability was \$1,049,033 and \$354,345, respectively. The fair values were the quoted market prices at December 31 of each year. The swap counterparty was rated A+ by Standard & Poor's as of December 31 of each year.

On January 8, 2020, the Foundation executed a swap agreement having a notional amount of \$41.8 million, with a maturity in January 2040. This agreement was entered into to effectively fix the interest rate on its newly issued Series 2019 A-F loans (See Note 12).

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, net assets with donor restrictions that are available for future periods are as follows:

	2019	2018
Housing	\$ 24,443	\$ 9,400
Program support	344,351	348,156
Total	\$ 368,794	\$ 357,556

NOTE 15 BUSINESS ACQUISITIONS

In June 2019, AHF entered into an Affiliation Agreement with IRIS House: A Center for Women Living with HIV, Inc., a New York 501(c)(3) organization. Its primary mission is to provide social services for women, men and their families infected and affected by HIV/AIDS. Inherent contribution of \$4,556,023 was recognized in the consolidated statement of operations by reason of this affiliation.

In August 2019, AHF entered into an Affiliation Agreement with AIDS Interfaith Network, Inc. (AIN), a Texas 501(c)(3) organization. AIN is a multi-cultural, faith-based organization that provides direct care services and prevention programs to people affected by HIV/AIDS. Inherent contribution of \$338,595 was recognized in the consolidated statement of operations by reason of this affiliation.

NOTE 16 EMPLOYEE RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code: AHF Savings and Investment Plan (the Plan). All classes of employees, except for per diem and temporary employees, are eligible to participate in the Plan. An employee is eligible for participation in the months following 90 days from the date of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by the employer and all contributions are held in accounts maintained by the Plan custodian.

Each year, participants may contribute pre-tax annual compensation as defined in the Plan, subject to certain limitations, with the contributions and earnings thereon being nontaxable until withdrawn from the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. The Foundation may contribute up to \$5,000 per participant depending on the number of years of service. The Foundation's matching contribution expense for the years ended December 31, 2019 and 2018 amounted to \$4,364,901 and \$3,926,977, respectively.

NOTE 17 CONCENTRATIONS OF CREDIT RISK

a) The Foundation grants credit without collateral to its patients and patients insured under third-party agreements. At December 31, the mix of receivables from patients, third-party payers and grants was as follows:

	2019	2018
Private Insurance	58.84%	56.76%
Other Grants	19.77%	19.29%
AIDS Drug Assistance Program	7.26%	7.73%
Centers for Medicare and Medicaid Services	6.79%	8.35%
Medi-Cal/Medicaid	5.67%	2.42%
Department of Health and Human Services	1.31%	5.13%
Medicare (Fee for Service)	0.23%	0.18%
Agency for Health Care Administration	0.14%	0.15%
Total	100.00%	100.00%

b) The Foundation maintains its cash accounts at banks and financial institutions located in the United States and other countries. Bank accounts in other countries are subject to rules and regulations in the respective countries and amounts insured vary accordingly. At times, cash and cash equivalent balances at certain banks and financial institutions may exceed insurable amounts. The Foundation believes it mitigates this risk by monitoring the financial stability of institutions holding material cash balances.

NOTE 18 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Foundation leases certain equipment and facilities under non-cancelable operating lease agreements expiring at various dates through June 2027. Total rental expense for all operating leases was \$17,986,751 and \$16,197,051 in 2019 and 2018, respectively.

NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

The following is a schedule of future minimum lease payments under operating leases as of December 31, 2019 that have initial or remaining lease terms in excess of one year:

Year ending December 31	Amount
2020	\$ 8,526,854
2021	7,822,820
2022	6,448,625
2023	4,148,586
2024	3,007,194
Thereafter	2,806,371
Total	\$ 32,760,450

Insurance Coverages

The Foundation maintains claims-made medical malpractice insurance for up to \$3,000,000 per occurrence and general liability insurance for up to \$1,000,000 per occurrence and \$3,000,000 annual aggregate. The Foundation also maintains such other insurance policies as management has deemed prudent and necessary, including property, directors' and officers' liability, employment practices liability, flood insurance, errors and omissions, cyber security and crime.

Litigation

The Foundation is involved in litigation arising from the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material effect on the Foundation's financial position.

Government Regulation

The Foundation is subject to extensive regulation by numerous governmental authorities, including federal, state, and local jurisdictions. Although the Foundation believes that it is currently in compliance with applicable laws, regulations, and rules, some of such laws are broadly written and subject to interpretation by courts or administrative authorities. Specifically, in the health care industry, government agencies have recently focused considerable attention and resources to the detection and prosecution of fraudulent activities under Medicare and Medicaid program regulations.

While the Foundation believes that it is in compliance with applicable regulations, there can be no assurance that a third party, governmental agency, or private party will not contend that certain aspects of the Foundation's operations or procedures are subject to, or are not in compliance with such laws, regulations, or rules or that the state or federal regulatory agencies or courts would interpret such laws, regulations, and rules in the Foundation's favor. The sanctions for failure to comply with such laws, regulations, or rules could include exclusion from the Medicare and Medicaid programs, significant fines, and criminal penalties.

NOTE 18 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Government Regulation (Continued)

The Foundation participates in a number of federally funded grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

NOTE 19 CHARITY CARE

The Foundation provides care to patients who meet certain criteria under its charity care policy. The Foundation determines costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries, wages and benefits, supplies and other operating expenses based on data from its accounting system. The costs of caring for charity care patients for the years ended December 31, 2019 and 2018 amounted to \$79,969,896 and \$74,331,704, respectively. Funds received from gifts and grants to subsidize charity services provided for the years ended December 31, 2019 and 2018 amounted to \$395,293 and \$2,296,257, respectively.

NOTE 20 SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Foundation operates.

The Foundation does not have enough information on which to base the economic impact of the pandemic at this time, however the Foundation believes that the financial impact will be immaterial to its operations.

Due to the nature of COVID-19 infections, a small number of clients and employees may be at risk of complications. Of this small number of at-risk members and employees, less than 1% will be subject to critical care based on the Center for Disease Control estimates of disease projection.

The primary concern for the Foundation is for the well-being of its clients and employees. A significant portion of employees have been working partially or completely from home.

For the Managed Care clients, the Foundation has a reinsurance agreement that generally provides for reimbursement of 90% of “eligible expenses” in excess of \$250,000 per member per year.

NOTE 20 SUBSEQUENT EVENTS (CONTINUED)

For the Healthcare Center clients, the Foundation has continued to operate with the majority of healthcare visits occurring either through telephone or telehealth encounters. For the Pharmacy clients, the Foundation continues to provide prescriptions to its clients through delivery via mail or delivery driver.

The Out of the Closet Thrift Stores have been closed since mid-March. The closure of these stores will not have a material financial impact on its operations.

The Foundation evaluated the impact on its investment portfolio and believes the long-term impact will also not have a material financial impact.

The Foundation has evaluated events or transactions that occurred subsequent to the balance sheet date through April 30, 2020, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined that no other subsequent matters required disclosure or adjustment to the accompanying consolidated financial statements.

**Report of Independent Auditors 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***

**Board of Directors
AIDS Healthcare Foundation**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of AIDS Healthcare Foundation, which comprise the consolidated balance sheet as of December 31, 2019, and the related consolidated statements of operations and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 30, 2020.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Vaguez & Company LLP".

Glendale, California
April 30, 2020

www.vasquezcpa.com

Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.



AIDS Healthcare Foundation
Single Audit Report
Year Ended December 31, 2019
with Report of Independent Auditors

**AIDS Healthcare Foundation
Single Audit Report
Year Ended December 31, 2019
*with Report of Independent Auditors***

	<u>PAGE</u>
REPORTS OF INDEPENDENT AUDITORS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	15

**Report of Independent Auditors 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***

**Board of Directors
AIDS Healthcare Foundation**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of AIDS Healthcare Foundation (the Foundation), which comprise the consolidated balance sheet as of December 31, 2019, and the related consolidated statements of operations and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 30, 2020.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Vaqueria & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
April 30, 2020**

**Report of Independent Auditors on Compliance for Each Major Federal Program,
on Internal Control over Compliance, and on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

**The Board of Directors
AIDS Healthcare Foundation**

Report on Compliance for Each Major Federal Program

We have audited AIDS Healthcare Foundation's (the Foundation) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Foundation's major federal program for the year ended December 31, 2019. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation'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 of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation'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 the major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.



Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding Nos. 2019-001 to 2019-003. Our opinion on the major federal program is not modified with respect to these matters.

The Foundation's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Foundation's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the Foundation 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 the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 the Foundation'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.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Foundation as of and for the year ended December 31, 2019, and have issued our report thereon dated April 30, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Glendale, California

April 30, 2020

**AIDS Healthcare Foundation
Schedule of Expenditures of Federal Awards
Year ended December 31, 2019**

Federal Grantor / Passed Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
MAJOR PROGRAMS				
<u>U.S. Department of Health and Human Services</u>				
HIV Emergency Relief Project Grants:				
Passed through the County of Alameda, CA:				
Oakland Early Intervention Services	93.914	H89H00018/PHG08HA60200	-	\$ 16,240
Oakland Early Intervention Services	93.914	H89H00018/PHG08HA60200	-	82,475
Oakland Medical Case Management	93.914	H89H00018/PHG08HA60200	-	10,896
Oakland Medical Case Management	93.914	H89H00018/PHG08HA60200	-	23,535
Oakland Outpatient/Ambulatory Health Services	93.914	H89H00018/PHG08HA60200	-	5,640
Oakland Outpatient/Ambulatory Health Services	93.914	H89H00018/PHG08HA60200	-	18,268
Oakland Psychosocial Support Services	93.914	H89H00018/PHG08HA60200	-	1,536
			-	<u>158,590</u>
Passed through the County of Los Angeles, CA:				
HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	PH-002460	-	422,171
Core HIV Medical Services for Persons Living With HIV - Ambulatory Outpatient Medical	93.914	PH-003737	-	2,112,130
HIV/AIDS Benefits Specialty Services	93.914	PH-002897	-	58,061
HIV/AIDS Benefits Specialty Services	93.914	PH-002897	-	254,586
HIV/AIDS Medical Subspecialty Services	93.914	PH-002226	-	121,076
HIV/AIDS Medical Subspecialty Services	93.914	PH-002226	-	526,018
HIV/AIDS Medical Care Coordination Services	93.914	PH-002430	-	157,639
Core HIV Medical Services For Persons Living With HIV - Medical Care	93.914	PH-003738	-	912,010
Mental Health Services For Ryan White Program Clients	93.914	PH-003359	-	3,179
Mental Health Services For Ryan White Program Clients		PH-003359	-	31,849
HIV/AIDS Oral Health Care (Dental) Services	93.914	PH-002388	-	93,604
HIV/AIDS Oral Health Care (Dental) Services	93.914	PH-002388	-	272,424
Oral Health Care Services for Ryan White Program Eligible Persons Living With HIV	93.914	PH-003799	-	419,526
			-	<u>5,384,273</u>
Passed through the County of San Bernardino County, CA				
Department of Public Health:				
Upland HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	17-79	-	18,651
Upland HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	17-79 A-3	-	141,180
Upland Medical Case Management	93.914	17-79	-	18,139
Upland Medical Case Management	93.914	17-79 A-3	-	93,042
Non Medical Case Management	93.914	17-79	-	7,248
Non Medical Case Management	93.914	17-79 A-3	-	34,324
Medical Transportation Services	93.914	17-79	-	503
Medical Transportation Services	93.914	17-79 A-3	-	3,186
			-	<u>316,273</u>
Passed through the City of San Diego, CA				
Department of Health and Human Services:				
HIV Related Services: Specialty Care Pools	93.914	554450	-	208,884
HIV Related Services: Specialty Care Pools	93.914	554450	-	575,463
Outpatient Ambulatory Health Services	93.914	556170	-	4,476
Outpatient Ambulatory Health Services	93.914	556170	-	22,851
			-	<u>811,674</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

AIDS Healthcare Foundation
Schedule of Expenditures of Federal Awards
Year ended December 31, 2019 (continued)

Federal Grantor / Passed Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed through the government of District of Columbia				
Department of Health RW:				
HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	2 H89HA00012 / 16Z010	\$ -	\$ 12,875
HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	CW56347	-	90,472
Medical Case Management	93.914	18B010	-	1,322
Administration/Indirect Cost	93.914	2 H89HA00012 / 16Z010	-	9,645
Administrative	93.914	18B010	-	344
Medical Transportation	93.914	18B010	-	1,856
Emergency Financial Assistance	93.914	19C031	-	12,825
Medical Transportation	93.914	19C031	-	8,255
Medical Case Management	93.914	19C031	-	231,802
Early Intervention Services	93.914	19C031	-	27,711
Administration	93.914	19C031	-	28,211
HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	CW56347	-	53,021
Ambulatory/Outpatient Medical Services	93.914	CW56347	-	138,628
Non-Medical Case Management	93.914	CW58202	-	11,337
Regional Early Intervention Services & Administration	93.914	GY29	-	30,073
			-	658,377
Passed through the County of Broward, FL				
Community Partnership Division, Health Care Services				
Section - RW Part A Program:				
Broward Prescription Drugs	93.914	17-CP-HCS-8515-RW-01	-	50,189
Broward Prescription Drugs	93.914	17-CP-HCS-8515-RW-01	-	137,872
Broward HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	17-CP-HCS-8515-RW-01	-	262,996
Broward HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	17-CP-HCS-8515-RW-01	-	1,650,282
Broward Non Medical Case Management	93.914	17-CP-HCS-8515-RW-01	-	108,535
Broward Disease Case Management	93.914	17-CP-HCS-8515-RW-01	-	968
Broward Disease Case Management	93.914	17-CP-HCS-8515-RW-01	-	101,464
Broward Oral Health	93.914	17-CP-HCS-8515-RW-01	-	9
Broward Oral Health	93.914	17-CP-HCS-8515-RW-01	-	150,214
			-	2,462,529
Passed through the City of Jacksonville, FL:				
Jacksonville HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	2H89HA00039-23-00	-	50,889
Jacksonville HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	2H89HA00039-25-00	-	296,904
			-	347,793
Passed through the County of Miami-Dade, FL				
Office of Management and Budget-Grants Coordination/RW:				
Miami Healthcare	93.914	BU3AHF28	-	319,834
Miami Healthcare	93.914	BU3AHF29	-	1,551,839
Miami Prescription Drugs	93.914	BU3AHF28	-	8,460
Miami Prescription Drugs	93.914	BU3AHF29	-	47,426
Miami Medical Case Management	93.914	BU3AHF28	-	137,995
Miami Medical Case Management	93.914	BU3AHF29	-	819,739
Miami Outreach Program	93.914	BU3AHF28	-	5,592
Miami Outreach Program	93.914	BU3AHF29	-	24,553
			-	2,915,438
Passed through the County of Orange, FL				
Orange County Family Services Department:				
Orange HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	Y17-1018A	-	5
Orange HIV/AIDS Ambulatory/Outpatient Medical Services	93.914	Y17-1018A	-	350,000
			-	350,005

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**AIDS Healthcare Foundation
Schedule of Expenditures of Federal Awards
Year ended December 31, 2019 (continued)**

Federal Grantor / Passed Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed through the County of Palm Beach, FL				
Department of Community Services:				
Laboratory Diagnostic Testing	93.914	GY18-20	\$ -	\$ 3,339
Laboratory Diagnostic Testing	93.914	GY18-20	-	20,304
Outpatient/Ambulatory Medical Care	93.914	GY18-20	-	8,000
Outpatient/Ambulatory Medical Care	93.914	GY18-20	-	93,085
Medical Case Management	93.914	GY18-20	-	5,548
Medical Case Management	93.914	GY18-20	-	82,849
Early Intervention Services	93.914	GY18-20	-	3,492
Early Intervention Services	93.914	GY18-20	-	44,098
Medical Transportation	93.914	GY18-20	-	1,800
Medical Transportation	93.914	GY18-20	-	1,740
Emergency Financial Assistance	93.914	GY18-20	-	51,286
Food Bank/Nutritional Supplements	93.914	GY18-20	-	1,016
AIDS Pharmaceutical Assistance	93.914	GY18-20	-	9,821
			-	326,378
Passed through Fulton County Government, Board of Commissioners, RW				
Department of Health and Human Services:				
Ambulatory/Outpatient Medical & Non Medical Patient Navigation	93.914	17-0918	-	148,023
Ambulatory/Outpatient Medical & Non Medical Patient Navigation	93.914	6 H89HA00007-26-01	-	810,194
			-	958,217
Passed through Fulton County Government, Board of Health (FCBOH)				
Department of Health and Human Services:				
Diagnosis, Linkage&Systems Integration	93.914	17RFP1205A-YJ	-	248,496
Passed through the City of Chicago, IL				
City of Chicago Department of Public Health:				
Early Intervention Services	93.914	72808	-	3,703
Early Intervention Services	93.914	102840/110229	-	13,867
Outpatient Ambulatory Health Services	93.914	72808	-	11,361
Outpatient Ambulatory Health Services	93.914	102840/110229	-	42,515
			-	71,446
Passed through AIDS Foundation of Chicago, IL:				
Non-Medical Case Management	93.914	AFC-2018/2019	-	5,728
Non-Medical Case Management	93.914	AFC-2019/2020	-	10,378
Medical Case Management	93.914	AFC-2018/2019	-	5,728
Medical Case Management (CALOR)	93.914	AFC-2019/2020	-	23,147
			-	44,981
Passed through the County of Clark, NV				
Department of Administrative Services:				
Early Intervention Services	93.914	604274-16	-	4,150
Early Intervention Services	93.914	604274-16	-	52,931
Medical Case Management - Part A	93.914	604274-16	-	3,409
Medical Case Management - Part A	93.914	604274-16	-	38,390
Medical Case Management - MAI	93.914	604274-16	-	1,920
Medical Case Management - MAI	93.914	604274-16	-	26,977
Outpatient Ambulatory Health Services Part A	93.914	604274-16	-	44,001
Outpatient Ambulatory Health Services Part A	93.914	604274-16	-	123,371
Outpatient Ambulatory-MAI	93.914	604274-16	-	25,317
Outpatient Ambulatory-MAI	93.914	604274-16	-	72,454
			-	392,920
Passed through the County of Cuyahoga, OH				
Cuyahoga County Board of Health Cleveland				
Transitional Grant Area (TGA):				
Outpatient Ambulatory Health Services	93.914	H89HA23812	-	4,758
Outpatient Ambulatory Health Services	93.914	H89HA23812	-	22,432
			-	27,190

See accompanying Notes to Schedule of Expenditures of Federal Awards.

AIDS Healthcare Foundation
Schedule of Expenditures of Federal Awards
Year ended December 31, 2019 (continued)

Federal Grantor / Passed Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed through the City of Columbus, OH				
Department of Health:				
Outpatient Ambulatory Medical	93.914	H89HA25698	\$ -	\$ 28,269
Outpatient Ambulatory Medical	93.914	H89HA25698	-	199,663
Medical Case Management	93.914	H89HA25698	-	6,512
Medical Case Management	93.914	H89HA25698	-	55,076
Non-Medical Case Management	93.914	H89HA25698	-	3,979
Non-Medical Case Management	93.914	H89HA25698	-	34,322
			-	327,821
Passed through the County of Prince George, MD				
Department of Health:				
Emergency Financial Assistance	93.914	GY28	-	1,900
Health Insurance Premium and Cost	93.914	GY28	-	1,486
Medical Transportation	93.914	GY28	-	1,198
Medical Case Management	93.914	GY28	-	11,311
Early Intervention Services	93.914	GY28	-	8,259
			-	24,154
Passed through the City of Philadelphia				
AIDS Activities Coordinating Office, PA:				
Care Services Case Management, Part A	93.914	1920569/RS9653	-	16,853
Passed through AIDS Task Force, EMA San Juan Puerto Rico:				
Medical Case Mgmt & Medical Transportation	93.914	2019-002005	-	13,395
Medical Case Management	93.914	2019-002005-A	-	36,930
Medical Transportation	93.914	2019-002005-A	-	13,974
Transportation Coordination	93.914	2019-002005-A	-	8,173
Administrative	93.914	2019-002005-A	-	11,979
			-	84,451
Passed through the County of Dallas, TX				
Health and Human Services:				
Dallas County - Part A Formula Medical Case Mgmt	93.914	2016-053-6590	-	1,819
Dallas County - Part A Formula Medical Case Management	93.914	2016-053-6590	-	19,077
Dallas County - Part A Formula Outpatient Ambulatory Medical	93.914	2016-053-6590	-	176,158
Dallas County - Part A Formula Non-Medical Case Management	93.914	2016-053-6590	-	1,093
Dallas County - Part A Formula Non-Medical Case Management	93.914	2016-053-6590	-	17,323
Dallas County - Part A Formula Pharmaceutical Assistance	93.914	2016-053-6590	-	7,455
Dallas County - Part A Formula Pharmaceutical Assistance	93.914	2016-053-6590	-	27,043
			-	249,968
Passed through the County of Dallas, TX				
Health and Human Services:				
Dallas County - Part A MAI Medical Case Mgmt	93.914	2016-053-6590	-	313
Dallas County - Part A MAI Medical Case Mgmt	93.914	2016-053-6590	-	2,032
Dallas County - Part A MAI Outpatient Medical Care	93.914	2016-053-6590	-	16,257
Dallas County - Part A MAI Pharmaceutical Assistance	93.914	2016-053-6590	-	736
Dallas County - Part A MAI Pharmaceutical Assistance	93.914	2016-053-6590	-	3,083
Dallas County - Part A MAI Non Medical Case Mgmt	93.914	2016-053-6590	-	118
Dallas County - Part A MAI Non Medical Case Mgmt	93.914	2016-053-6590	-	5,063
			-	27,602
Passed through the County of Dallas, TX				
Health and Human Services:				
Dallas County - Part A Supp MCM	93.914	2016-053-6590	-	3,391
Dallas County - Part A Supp MCM	93.914	2016-053-6590	-	11,594
Dallas County - Part A Supp Outpatient/Ambulatory	93.914	2016-053-6590	-	57,425
Dallas County - Part A Supp Outpatient/Ambulatory	93.914	2016-053-6590	-	49,040
Dallas County - Part A Supp Non-Medical Case Mgmt	93.914	2016-053-6590	-	1,924
Dallas County - Part A Supp Non-Medical Case Mgmt	93.914	2016-053-6590	-	9,873
Dallas County - Part A Supp Rx	93.914	2016-053-6590	-	4,255
Dallas County - Part A Supp Rx	93.914	2016-053-6590	-	9,247
			-	146,749

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**AIDS Healthcare Foundation
Schedule of Expenditures of Federal Awards
Year ended December 31, 2019 (continued)**

Federal Grantor / Passed Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed through the County of Harris, TX				
Harris County Public Health:				
Harris County - Case Management	93.914	18GEN0101	\$ -	\$ 8,835
Harris County - Case Management	93.914	19GEN0900	-	36,955
Harris County - Medical Case Management	93.914	18GEN0101	-	5,974
Harris County - Medical Case Management	93.914	19GEN0900	-	20,154
Harris County - Outpatient/Ambulatory Medical	93.914	18GEN0101	-	30,316
Harris County - Outpatient/Ambulatory Medical	93.914	19GEN0900	-	188,273
Harris County - Local AIDS Pharmaceutical Assist & Emergency Financial Assistance	93.914	18GEN0101	-	19,294
Harris County - Local AIDS Pharmaceutical Assist & Emergency Financial Assistance	93.914	19GEN0900	-	52,859
			-	362,660
Passed through the County of Tarrant, TX - Admin. Agency Department of State Health Services:				
Tarrant County - Part A Ambulatory Outpatient	93.914	2 H89HA00047-23-00/ A1-2018007	-	25,363
Tarrant County - Part A Ambulatory Outpatient Medical	93.914	2 H89HA00047-24-00/ A1-2019007	-	157,836
Tarrant County - Part A Local AIDS Pharmaceutical	93.914	2 H89HA00047-23-00/ A1-2018007	-	5,784
Tarrant County - Part A Local AIDS Pharmaceutical	93.914	2 H89HA00047-24-00/ A1-2019007	-	19,397
Tarrant County - Part A Emergency Financial Assistance	93.914	2 H89HA00047-23-00/ A1-2018007	-	1,408
Tarrant County - Part A Emergency Financial Assistance	93.914	2 H89HA00047-24-00/ A1-2019007	-	11,735
			-	221,523
Passed through Public Health Seattle & King County, WA:				
Early Intervention Services (EIS) (MAI)	93.914	PHSKC #3223 PREV	-	1,237
		Total 93.914	-	16,937,598
		Total Major Programs	-	16,937,598
NON-MAJOR PROGRAMS				
<u>U.S. Department of Housing and Urban Development (HUD)</u>				
Housing Opportunities for Persons with AIDS:				
Passed through City of Chicago				
Department of Public Health				
Housing Opportunities for Persons with AIDS	14.241	69656	-	10,122
Housing Opportunities for Persons with AIDS	14.241	92319	-	60,527
			-	70,649
		Total 14.241	-	70,649
<u>U.S. Department of Health and Human Services</u>				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth:				
Passed through UT Southwestern Medical Center (DFAN), Part D				
Medical Case Management	93.153	GMO 160904	-	9,326
Medical Case Management	93.153	GMO 160904	-	6,935
Non-Medical Case Management	93.153	GMO 160904	-	19,632
Non-Medical Case Management	93.153	GMO 160904	-	10,711
Outpatient Medical	93.153	GMO 160904	-	32,595
Outpatient Medical	93.153	GMO 160904	-	20,700
			-	99,899
Passed through the County of Tarrant, TX				
Department of State Health and Human Services:				
Outpatient/Ambulatory Health	93.153	A1-2018022/H12HA24819	-	25,848
Tarrant County - Part D Outpatient/Ambulatory Health	93.153	5 H12HA24819-08-00	-	29,143
			-	54,991
		Total 93.153	-	154,890

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**AIDS Healthcare Foundation
Schedule of Expenditures of Federal Awards
Year ended December 31, 2019 (continued)**

Federal Grantor / Passed Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Mental Health Research Grants:				
Passed through The Regents of the University of California National Neurological AIDS Bank				
Housing Opportunities for Persons with AIDS	93.242	1580 G VG909	\$ -	\$ 10,000
Passed through the General Hospital Corporation Massachusetts General Hospital				
S. Africa's new Central Chronic Medicine Dispensing and Distribution Program	93.242	232959	-	48,771
S. Africa's new Central Chronic Medicine Dispensing and Distribution Program	93.242	232959	-	49,867
			-	98,638
		Total 93.242	-	108,638
Biomedical Advanced Research and Development Authority (BARDA) Biodefence Medical Countermeasure Development:				
Passed through California Institute of Technology				
dAST (Digital Antimicrobial Susceptibility Testing)	93.360	S395033	-	92,009
		Total 93.360	-	92,009
Allergy, Immunology and Transplantation Research:				
Passed through National Institute of Health (NIH)				
University of Washington (Research)	93.855	UWSC8884/PO #BPO13246	-	11,162
		Total 93.855	-	11,162
HIV Care Formula Grants:				
Passed through the State of Florida, Dept of Health Fort Myers, Desoto County RW Part B:				
Ambulatory/Outpatient Medical Care	93.917	DS005	-	22,477
Ambulatory/Outpatient Medical Care	93.917	DS011	-	86,172
Medical Case Management	93.917	DS006	-	15,611
Medical Case Management	93.917	DS011	-	106,401
Non-Medical Case Management	93.917	DS006	-	16,881
Non-Medical Case Management	93.917	DS011	-	15,325
Oral Health Care	93.917	DS007	-	8,240
			-	271,107
Passed through Lee County Southwest FL. Fort Myers Dept of Human & Veteran Services, Partnering for Results:				
Case Management	93.917	8395	-	91,285
Case Management	93.917	8395	-	30,426
			-	121,711
Passed through the State of Florida, Dept of Health Lutheran Services, RW Part B:				
Ambulatory/Outpatient Medical Care	93.917	18-19 AHF AOMC	-	113,208
Case Management	93.917	19-20 AHF	-	26,555
Ambulatory/Outpatient Medical Care	93.917	19-20 AHF	-	313,114
			-	452,877
Passed through the State of Florida, Dept of Health Pinellas County Health Department, RW Part B:				
Ambulatory/Outpatient Medical Care	93.917	PSB86	-	14,012
Ambulatory/Outpatient Medical Care	93.917	PSB86	-	44,395
Aids Pharmaceutical Assistance	93.917	PSB86	-	3,837
Aids Pharmaceutical Assistance	93.917	PSB86	-	9,244
Medical Case Management	93.917	PSB86	-	5,807
Medical Case Management	93.917	PSB86	-	5,544
Non-Medical Case Management	93.917	PSB86	-	1,069
			-	83,908

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**AIDS Healthcare Foundation
Schedule of Expenditures of Federal Awards
Year ended December 31, 2019 (continued)**

Federal Grantor / Passed Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed through the State of Florida, Dept of Health in Duval County My Florida Market Place:				
Jacksonville Pharmacy - Co-Pay	93.917	PO:B348CC	\$ -	\$ 1,755
Jacksonville Pharmacy - Co-Pay	93.917	PO:B348CC	-	6,337
			-	8,092
Passed through the State of Florida, Dept of Health Miami Dade:				
AHF Test and Treat, ART Medications	93.917	DEX45	-	620
AHF Test and Treat, ART Medications	93.917	DEX45-A1	-	5,665
			-	6,285
Passed through the State of Mississippi Dept of Health (MSDH):				
Outpatient/Ambulatory	93.917	X07HA700036	-	36,895
Outpatient/Ambulatory Medical Care	93.917	X07HA700036	-	150,779
Medical Transportation	93.917	X07HA700036	-	826
Medical Case Management	93.917	X07HA700036	-	12,277
			-	200,777
Passed through South Carolina Dept of Health, and Environmental Control:				
Medical Transportation	93.917	HV-7-369	-	590
Medical Transportation	93.917	HV-0-227	-	1,050
Emergency Financial Assistance	93.917	HV-7-369	-	449
Emergency Financial Assistance	93.917	HV-0-227	-	758
Outpatient Ambulatory Medical	93.917	HV-7-369	-	35,630
Outpatient Ambulatory Medical	93.917	HV-0-227	-	41,549
Non Medical Case Management	93.917	HV-7-369	-	951
Non Medical Case Management	93.917	HV-0-227	-	5,009
Medical Case Management	93.917	HV-7-369	-	1,796
Medical Case Management and Treatment Adherence	93.917	HV-0-227	-	6,472
Oral Health Care	93.917	HV-0-227	-	2,117
Administration	93.917	HV-0-227	-	5,526
			-	101,897
Passed through the County of Dallas, TX Health and Human Services:				
Dallas County - Part B Non-Medical Case Management	93.917	2016-043-6580	-	5,246
Dallas County - Part B Non-Medical Case Management	93.917	2016-043-6580	-	17,344
Dallas County - Part B Medical Case Management	93.917	2016-043-6580	-	1,580
Dallas County - Part B Medical Case Management	93.917	2016-043-6580	-	7,416
Dallas County Part B Outpatient/Ambulatory	93.917	2016-043-6580	-	177,644
Dallas County - Part B Pharmaceutical Assistance	93.917	2016-043-6580	-	6,629
			-	215,859
Passed through the County of Dallas, TX Health and Human Services :				
Dallas County - Part B Supplemental	93.917	2016-043-6580	-	2,219
Dallas County - Part B Supplemental, Outpatient/Ambulatory Medical	93.917	2016-043-6580	-	10,035
			-	12,254
Passed through the County of Tarrant, TX Department of State Health Services:				
Tarrant County - Part B Outpatient/Ambulatory Medical	93.917	537-17-0161-0001	-	13,362
Tarrant County - Part B Outpatient/Ambulatory Medical	93.917	537-17-0161-0001	-	47,232
			-	60,594
		Total 93.917	-	1,535,361
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease:				
Passed through the U.S. Dept. of Health and Human Services Health Resources and Services Administration (HRSA), Jacksonville, FL:				
Ryan White Part C Early Intervention Services	93.918	5 H76HA24724	-	95,921
Ryan White Part C Early Intervention Services	93.918	5 H76HA24724	-	200,333
			-	296,254

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**AIDS Healthcare Foundation
Schedule of Expenditures of Federal Awards
Year ended December 31, 2019 (continued)**

Federal Grantor / Passed Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed through the County of Tarrant				
Texas Department of State Health Services:				
Local AIDS Pharmaceutical Assistance & Emergency Financial Asst.	93.918	A1-2019001	\$ -	\$ 10,000
Outpatient /Ambulatory Medical Care	93.918	A1-2019001	-	125,000
Referral to Healthcare/Supportive Services	93.918	A1-2019001	-	59,951
			-	194,951
		Total 93.918	-	491,205
HIV Prevention Activities Health Department Based:				
Passed through the State of Florida Department of Health:				
Division of Disease Control:				
Prevention, Outreach, Testing, Linkage to services	93.940	CODOU	-	315,018
Passed through the Florida Department of Health in Broward:				
Broward Wellness Center	93.940	BW728	-	627,690
Broward Wellness Center	93.940	BW728	-	1,356,534
			-	1,984,224
Passed through the City of Columbus, OH				
City of Columbus, Department of Health				
Health Education and Risk Reduction Services	93.940	93.940	-	70,000
Passed through the County of Los Angeles, CA				
Center for Disease Control:				
Los Angeles County PHD-Storefront (Base) ATS, Testing	93.940	PH-000804	-	300,061
Los Angeles County PHD-Storefront (PFP) ATS, Testing	93.940	PH-000804	-	184,214
Los Angeles County Mobile Testing (Base) MTU	93.940	PH-000822	-	361,215
Los Angeles County Mobile Testing (PFP) MTU	93.940	PH-000822	-	228,552
			-	1,074,042
Passed through the County of Los Angeles, CA				
Center for Disease Control:				
Comprehensive HIV and STD Testing and STD Treatment Services in the City of Long Beach	93.940	PH-003778	-	149,902
Passed through the City of Philadelphia				
Department of Public Health:				
Testing, Linkage to Care	93.940	CP9006	-	69,777
Passed through the Southern Nevada Health District (SNHD):				
HIV Prevention Program	93.940	C1800165	-	125,000
		Total 93.940	-	3,787,963
Preventive Health Services Sexually Transmitted Diseases Control Grants:				
Passed through the County of Los Angeles, CA				
Department of Public Health:				
Sexually Transmitted Disease - Men's Wellness Center	93.977	H-701797-10	-	108,617
Sexually Transmitted Disease - Case Finding	93.977	H-701797-10	-	66,421
STD Screening, Diagnosis and Treatment Services - Mens Wellness	93.977	H-701797-10	-	90,926
STD Screening, Diagnosis and Treatment Services NCC-CEDIS	93.977	H-701797-10	-	62,037
		Total 93.977	-	328,001
		Total Non-Major Programs	-	6,579,878
		Total Expenditures of Federal Programs \$	-	\$ 23,517,476

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of AIDS Healthcare Foundation (the Foundation) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation as of and for the year ended December 31, 2019.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Grant expenditure reports as of December 31, 2019, which have been submitted to granting agencies, in some cases, will differ from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect estimates of the year-end accrual.

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors’ report issued on compliance for major federal programs:	Unmodified
Any audit findings that are required to be reported in accordance with Section 2 CFR 200.516(a)?	Yes (Finding Nos. 2019-001 to 2019-003)

Identification of Major Programs:

<u>CFDA Number:</u> 93.914	<u>Name of Federal Program or Cluster</u> HIV Emergency Relief Project Grants
-------------------------------	--

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

**AIDS Healthcare Foundation
Schedule of Findings and Questioned Costs
Year ended December 31, 2019**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings

Summary of Federal Award Findings

Finding No.	CFDA No.	Contract Number	Compliance Requirement and Description	Page No.
2019-001	93.914	17-CP-HCS-81515-RW-01	Eligibility – Missing Proof of Income and Outdated Eligibility Information	17
2019-002	93.914	6 H89HA00007-26-01	Eligibility– Missing Supporting Document for Proof of Residency and Income	18
2019-003	93.940	PH-000822	Level of Effort – Unmet Contractual Goals <i>(Repeat Finding)</i>	20

Finding No. 2019-001: Eligibility– Missing Supporting Document for Proof of Income

Federal Program Information

<i>Federal Catalog Number:</i>	93.914
<i>Federal Program Name:</i>	HIV Emergency Relief Project Grants
<i>Federal Agency:</i>	U.S. Department of Health and Human Services
<i>Pass-through Entities:</i>	County of Broward, Florida
<i>Contract Number and Name:</i>	17-CP-HCS-81515-RW-01 – Broward HIV/AIDS Ambulatory/Outpatient Medical Services
<i>Compliance Requirement:</i>	Eligibility

Criteria or Specific Requirement

Under Contract No.17-CP-HCS-81515-RW-01, the following are requirements for a patient's eligibility:

Target population: Individuals who are Broward County residents with HIV/AIDS who are uninsured, have barriers to economic stability, and have no other means or funding source to receive services ("Clients").

1. Eligibility criteria: Must have proof of HIV Status and have an income that is less than or equal to 400% of the Federal Poverty Guidelines.
2. Documentation of eligibility: Proof of HIV established by laboratory test results, income certification, and confirmation of Broward County residency. The Foundation shall enter all documentation in the designated Ryan White Part A Care Patient Care system (PROVIDE).

Condition

Of the sixteen (16) patients selected for eligibility testing, we noted the following exceptions:

- One patient had missing supporting proof of income as a basis to verify if the patient was eligible for the benefits under the program.
- One patient's available income information to determine eligibility was from 2015.

Questioned Costs

None.

Cause and Effect

In Broward County, eligibility and the collection of documents are not the Foundation's function and are performed under CIED (Centralized Intake and Eligibility Determination) Program. Under this program, Broward Regional Health Planning Council (BRHPC) staff will determine the clients' eligibility based on documentation required for Ryan White Part A services. The Foundation's program staff are to access the system and confirm a client's eligibility prior to coding them as Ryan White eligible. In both cases noted above, the clients were Ryan White eligible at one point and were missing information to prove that they continued to meet all the eligibility requirements on the date of service. This was an oversight in which program staff failed to remove the RW code in the client's chart and/or follow up on the missing eligibility documents.

Recommendation

We recommend that the Foundation implement appropriate procedures to ensure that all client eligibility requirements are met, documented, and maintained in the client file, with client information updated upon annual re-enrollment and, as applicable, bi-annual recertification. While the Foundation does not determine eligibility, there should be a procedure wherein CIED is informed about the missing eligibility documentation for trail and filing.

If an established client is unable to provide required proof of eligibility documentation prior to the eligibility end date, the Foundation may submit an Eligibility Exception Request (EER) requesting “temporary eligibility” until complete eligibility documentation is provided. Upon receipt of the required documentation, the Foundation must submit a completed “Client Update” form in order to prevent expiration of the client’s eligibility at the end of the 30-day grace period.

Views of Responsible Officials and Planned Corrective Action

Regardless of ability to pay, the Foundation does not turn clients away and it is our responsibility to ensure that insurance and eligibility status is updated accordingly. This finding will be reviewed with the program staff and relevant managers to ensure that staff understand the importance of updating client’s charts on the date of service and removing RW eligibility code if all eligibility requirements are not met.

Personnel in charge of ensuring the implementation of corrective action are the Benefits Counselor and Practice Manager and expected to be implemented on May 1, 2020.

Finding No. 2019-002: Eligibility– Missing Supporting Document for Proof of Residency and Income

Federal Program Information

<i>Federal Catalog Number:</i>	93.914
<i>Federal Program Name:</i>	HIV Emergency Relief Project Grants
<i>Federal Agency:</i>	U.S. Department of Health and Human Services
<i>Pass-through Entities:</i>	County of Fulton, Georgia
<i>Contract Number and Name:</i>	6 H89HA00007-26-01 – Fulton County Ambulatory/ Outpatient Medical and Non-Medical Patient Navigation
<i>Compliance Requirement:</i>	Eligibility

Criteria or Specific Requirement

Under Contract No. 6 H89HA00007-26-01, Contractor agrees to develop and maintain client records that contain documentation of client's eligibility determination, including the following:

- A. Initial eligibility determination and once a year per 12-month period recertification documentation requirements:
 - a. HIV/AIDS diagnosis (at initial determination)
 - b. Proof of residence in the 20-county Atlanta Eligible Metropolitan Area
 - c. Low income defined as 400% or less of federal poverty level
 - d. Uninsured or underinsured status (Insurance verification as proof)
 - e. Determination of eligibility and enrollment in other third-party insurance programs including Medicaid and Medicare

- f. For underinsured, proof this service is not covered by other third-party insurance programs including Medicaid and Medicare
 - g. Proof of compliance with eligibility determination as defined by the County or ADAP
- B. Recertification (minimum of every six months) documentation requirements:
- a. Proof of residence in the 20-county Atlanta Eligible Metropolitan Area
 - b. Low income documentation. Low income defined as 400% or less of federal poverty level
 - c. Uninsured or underinsured status (Insurance verification as proof)
 - d. Determination of eligibility and enrollment in other third-party insurance programs including Medicaid and Medicare

Condition

Of the seven (7) client files selected for eligibility testwork, we noted one (1) client file that did not have adequate eligibility documentation to support the client's residency and level of income.

Questioned Costs

None.

Cause and Effect

According to the Foundation's management, personnel turnover led to the documentation oversight. Program staff failed to remove the RW code in the client's chart and/or follow up on the missing eligibility documents.

Recommendation

We recommend that the Foundation implement procedures to ensure all client eligibility requirements are met, documented, and maintained in the client file, with client information updated upon annual re-enrollment and, as applicable, bi-annual recertification.

If an established client is unable to provide required proof of eligibility documentation prior to the eligibility end date, the Foundation may submit an Eligibility Exception Request (EER) requesting "temporary eligibility" until complete eligibility documentation is provided. Upon receipt of the required documentation, the Foundation must submit a completed "Client Update" form in order to prevent expiration of the client's eligibility at the end of the 30-day grace period.

Views of Responsible Officials and Planned Corrective Action

Regardless of ability to pay, the Foundation does not turn clients away and it is our responsibility to ensure that insurance and eligibility status is updated accordingly. This finding will be reviewed with the program staff and relevant managers to ensure that staff understand the importance of updating client's charts on the date of service and removing RW eligibility code if all eligibility requirements are not met.

Personnel in charge of ensuring the implementation of corrective action are the Benefits Counselor and Practice Manager and expected to be implemented on May 1, 2020.

Finding No. 2019-003: Level of Effort – Unmet Contractual Goals (Repeat Finding)

Federal Program Information

<i>Federal Catalog Number:</i>	93.940
<i>Federal Program Name:</i>	HIV Prevention Activities Health Department Based
<i>Federal Agency:</i>	U.S. Department of Health and Human Services
<i>Pass-through Entities:</i>	County of Los Angeles, California Center for Disease Control
<i>Contract Number and Name:</i>	PH-000822 - Los Angeles County Mobile Testing MTU
<i>Compliance Requirement:</i>	Level of Effort

Criteria or Specific Requirement

Under Contract No. PH-000822, service delivery contract goals for the period from January 1, 2019 to December 31, 2019 are as follows:

- A) By 12/31/2019, a minimum of 13,672 HIV test will be conducted.
- B) By 12/31/2019, a minimum of 85% of high-risk negative clients and 95% of HIV positive tested clients will receive a Disclosure Counselling Session.
- C) By 12/31/2019, a minimum of 85% of those testing HIV positive will be linked to medical care.
- D) By 12/31/2019, 100% of HIV positive clients who access services through this program will be referred to Partner Services.
- E) HIV Positive Rate: 1.0%.

Condition

The Foundation did not meet the period's contract goals in relation to the following service delivery goals:

<u>Contract Goals</u>	<u>% Required</u>	<u>% Actual</u>	<u>Under</u>	<u>Status</u>
By 12/31/2019, a minimum of 85% of those testing HIV Positive will be linked to medical care.	85.00%	66.00%	-19.00%	Not Met
By 12/31/2019, 100% of HIV positive clients who access services through this program will be referred to Partner Services	100.00%	98.04%	-2.00%	Not Met

Questioned Costs

Not applicable

Cause and Effect

Per inquiry with the Director of Contracts Administration,

- For Linkage to Care - The Mobile unit found a high number of known positives and homeless clients without contact information. The majority of known positive clients are in care with the Foundation or with other providers. When asked their reasoning for testing, the majority of them said "I wanted to see if the test would come back negative because my doctor told me I am undetectable". Linkage staff had conversations with the Foundation providers regarding the importance of educating their undetectable clients on what it means to be undetectable to help reduce the number of known positive tests performed in the community. Linkage and

testing team have started an agreement with JWCH Institute to refer homeless clients on the spot for treatment. The testing and linkage team will continue to work to reach the goals stated in the contract.

- Partner Services - The program was without the DHSP Operations Assistant due to leave of absence. This individual handles all of the data exports, exceptions, and quality assurance of the data. MTU did not have a designated DHSP operations assistant and the work was done by multiple people leading to some mistakes. MTU and OTC worked drastically to correct all data for the corresponding year and is reflective for 2019.

Recommendation

We recommend the Foundation to work with the granting agency to establish realistic contractual goals from the start of the grant. We also recommend that the Foundation implements tracking and monitoring controls to ascertain compliance with contract requirements.

Views of Responsible Officials and Planned Corrective Action

The Director of Testing and Fleet Manager and Program Managers will work to find alternative methods for ensuring that their homeless populations are successfully linked to medical care in a way that is trackable and ensures a full continuum of care for clients that are HIV positive. They will also work to emphasize the importance of referring their clients to partner services and making sure documentation is prepared to indicate referral has been performed.

Personnel in charge of ensuring deliverables are met are Daniel Magsino, Director of Testing and Fleet Manager, Crystal Hernandez, Program Manager and Pedro Aguilar, Program Manager. Expected date of implementation is on May 1, 2020.



www.vasquezcpa.com

Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.



	Finding	Corrective Action Plan
<p><u>2019-001</u></p> <p><i>Federal Catalog Number:</i> 93.914</p> <p><i>Federal Program Name:</i> HIV Emergency Relief Project Grants</p> <p><i>Pass-through Entities:</i> County of Broward, Florida</p> <p><i>Contract Number and Name:</i> 17-CP-HCS-81515-RW-01 – Broward HIV/AIDS Ambulatory/Outpatient Medical Services</p>	<p><i>Eligibility – Missing Supporting Document for Proof of Income</i></p> <p>Of the sixteen (16) patients selected for eligibility testing, we noted the following exceptions:</p> <ul style="list-style-type: none"> • One patient had missing supporting proof of income as a basis to verify if the patient was eligible for the benefits under the program. • One patient’s available income information to determine eligibility was from 2015. 	<p><i>Persons Responsible for Corrective Action</i> Benefits Counselor and Practice Manager</p> <p><i>Anticipated Completion Date</i> 05/1/2020</p> <p><i>Corrective Action Plan</i> This finding will be reviewed with the program staff and relevant managers to ensure that staff understand the importance of updating client’s charts on the date of service and removing RW eligibility code if all eligibility requirements are not met.</p>
<p><u>2019-002</u></p> <p><i>Federal Catalog Number:</i> 93.914</p> <p><i>Federal Program Name:</i> HIV Emergency Relief Project Grants</p> <p><i>Pass-through Entities:</i> County of Fulton, Georgia</p> <p><i>Contract Number and Name:</i> 6 H89HA00007-26-01 – Fulton County Ambulatory/ Outpatient</p>	<p><i>Eligibility – Missing Supporting Document for Proof of Residency and Income</i></p> <p>Of the seven (7) client files selected for eligibility testwork, we noted one (1) client file that did not have adequate eligibility documentation to support the client’s residency and level of income.</p>	<p><i>Persons Responsible for Corrective Action</i> Benefits Counselor and Practice Manager</p> <p><i>Anticipated Completion Date</i> 05/1/2020</p> <p><i>Corrective Action Plan</i> This finding will be reviewed with the program staff and relevant managers to ensure that staff understand the importance of updating client’s charts on the date of service and removing RW eligibility code if all eligibility requirements are not met.</p>



Medical and Non-Medical
 Patient Navigation

Finding Reference
2019-003
 Federal Catalog Number:
 93.940
 Federal Program Name:
 HIV Prevention Activities _
 Health Department Based
 Pass-through Entities:
 County of Los Angeles,
 California Center for Disease
 Control
 Contract Number and Name:
 PH-000822 - Los Angeles
 County Mobile Testing MTU

Finding
Level of Effort – Unmet Contractual Goals and Objectives
 The Foundation did not meet the period’s contract goals in relation to the percentage of HIV positive clients who access services through this program will be referred to Partner Services and percentage of HIV positive rates.

Contract Goals	% Required	% Actual	Under	Status
By 12/31/2019, a minimum of 85% of those testing HIV Positive will be linked to medical care.	85.00%	66.00%	-19.00%	Not Met
By 12/31/2019, 100% of HIV positive clients who access services through this program will be referred to Partner Services	100.00%	98.04%	-2.00%	Not Met

Corrective Action Plan
Persons Responsible for Corrective Action
 Mauricio Carranza, Linkage to Care Specialist and Jaime Alvarez, Program Manager.
Anticipated Completion Date
 05/01/2020
Corrective Action Plan
 The Director of Testing and Fleet Manager and Program Managers will work to find alternative methods for ensuring that their homeless populations are successfully linked to medical care in a way that is trackable and ensures a full continuum of care for clients that are HIV positive. They will also work to emphasize the importance of referring their clients to partner services and making sure documentation is prepared to indicate referral has been performed.

Charity Chandler-Cole

National Director, Contracts Administrations

05/08/2020

Date

**Status of Prior Audit Findings
Year ended December 31, 2019**

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented																																													
<p><u>2018-001</u></p> <p><i>Level of Effort – Unmet Contractual Goals</i></p> <p><i>Federal Catalog Number: 93.940</i></p> <p><i>Federal Program Name: HIV Prevention Activities Health Department Based</i></p> <p><i>Federal Agency: U.S. Department of Health and Human Services</i></p> <p><i>Pass-through Entities: State of Florida Department of Health</i></p> <p><i>Contract Number: BW 728</i></p>	<p><u>Finding</u></p> <p>The Foundation did not meet the period's contract goals in relation to the following service delivery goals:</p> <table border="1" data-bbox="730 529 1192 740"> <thead> <tr> <th><u>Service Site</u></th> <th><u>Goal</u></th> <th><u>Actual</u></th> <th><u>Under</u></th> <th><u>Status</u></th> </tr> </thead> <tbody> <tr> <td>June 2018</td> <td>200</td> <td>187</td> <td>(13)</td> <td>Not Met</td> </tr> <tr> <td>July 2018</td> <td>300</td> <td>204</td> <td>(96)</td> <td>Not Met</td> </tr> <tr> <td>August 2018</td> <td>350</td> <td>197</td> <td>(153)</td> <td>Not Met</td> </tr> <tr> <td>September 2018</td> <td>450</td> <td>209</td> <td>(241)</td> <td>Not Met</td> </tr> <tr> <td>October 2018</td> <td>550</td> <td>225</td> <td>(325)</td> <td>Not Met</td> </tr> <tr> <td>November 2018</td> <td>575</td> <td>217</td> <td>(358)</td> <td>Not Met</td> </tr> <tr> <td>December 2018</td> <td>725</td> <td>251</td> <td>(474)</td> <td>Not Met</td> </tr> <tr> <td>Total</td> <td>3,150</td> <td>1,490</td> <td>(1,660)</td> <td></td> </tr> </tbody> </table> <p><u>Corrective Action Plan</u></p> <p>Per inquiry with the Director of Contracts Administration, DOH has already set new contract deliverables at 300 for each month for the new contracts. This goal more closely aligns with the Foundation's expected contract outcomes. The person responsible for ensuring deliverables are met is Mike McKany, Director of Public Health. The planned corrective action has been in place for new contracts beginning May 1, 2019.</p>	<u>Service Site</u>	<u>Goal</u>	<u>Actual</u>	<u>Under</u>	<u>Status</u>	June 2018	200	187	(13)	Not Met	July 2018	300	204	(96)	Not Met	August 2018	350	197	(153)	Not Met	September 2018	450	209	(241)	Not Met	October 2018	550	225	(325)	Not Met	November 2018	575	217	(358)	Not Met	December 2018	725	251	(474)	Not Met	Total	3,150	1,490	(1,660)		<p>As of 5/1/19, this contract has more realistic deliverable of 300 per month and deliverables have been met every month since May.</p>	
<u>Service Site</u>	<u>Goal</u>	<u>Actual</u>	<u>Under</u>	<u>Status</u>																																												
June 2018	200	187	(13)	Not Met																																												
July 2018	300	204	(96)	Not Met																																												
August 2018	350	197	(153)	Not Met																																												
September 2018	450	209	(241)	Not Met																																												
October 2018	550	225	(325)	Not Met																																												
November 2018	575	217	(358)	Not Met																																												
December 2018	725	251	(474)	Not Met																																												
Total	3,150	1,490	(1,660)																																													

**Status of Prior Audit Findings
Year ended December 31, 2019**

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented																																							
<p><u>2018-002</u></p> <p><i>Level of Effort – Unmet Contractual Goals</i></p> <p><i>Federal Catalog Number: 93.940</i></p> <p><i>Federal Program Name: HIV Prevention Activities Health Department Based</i></p> <p><i>Federal Agency: U.S. Department of Health and Human Services</i></p> <p><i>Pass-through Entities: State of Florida Department of Health</i></p> <p><i>Contract Number: BW 604</i></p>	<p><u>Finding</u> The Foundation did not meet the period's contract goals in relation to the percentage of individuals screened percentage for the months tested below:</p> <table border="1" data-bbox="695 537 1230 699"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="2">Tested in</th> <th colspan="2">% Tested</th> <th rowspan="2">Under</th> <th rowspan="2">Status</th> </tr> <tr> <th>Mobile Units</th> <th>Total Tested</th> <th>in Mobile Units</th> <th>% Required</th> </tr> </thead> <tbody> <tr> <td>February</td> <td>40</td> <td>348</td> <td>11.49%</td> <td>13.00%</td> <td>-1.51%</td> <td>Not Met</td> </tr> <tr> <td>September</td> <td>31</td> <td>390</td> <td>7.95%</td> <td>13.00%</td> <td>-5.05%</td> <td>Not Met</td> </tr> <tr> <td>October</td> <td>36</td> <td>363</td> <td>9.92%</td> <td>13.00%</td> <td>-3.08%</td> <td>Not Met</td> </tr> <tr> <td>December</td> <td>37</td> <td>434</td> <td>8.53%</td> <td>13.00%</td> <td>-4.47%</td> <td>Not Met</td> </tr> </tbody> </table> <p><u>Corrective Action Plan</u> Per inquiry with the Director of Contracts Administration, this contract has not been renewed for another term, but if a Request for Proposal (RFP) for the same services comes out, the Foundation will be sure to negotiate a lower percentage rate to account for the tests conducted that exceeds the target number of screened tests. Personnel in charge of negotiating better terms for this award, if a new one is to be released, are Brad Mester, Senior Contract Manager and Mike McKany, Director of Public Health.</p>	Month	Tested in		% Tested		Under	Status	Mobile Units	Total Tested	in Mobile Units	% Required	February	40	348	11.49%	13.00%	-1.51%	Not Met	September	31	390	7.95%	13.00%	-5.05%	Not Met	October	36	363	9.92%	13.00%	-3.08%	Not Met	December	37	434	8.53%	13.00%	-4.47%	Not Met	<p>- The contract expired 3/31/19 and was not rewarded or renewed</p>	
Month	Tested in		% Tested		Under	Status																																				
	Mobile Units	Total Tested	in Mobile Units	% Required																																						
February	40	348	11.49%	13.00%	-1.51%	Not Met																																				
September	31	390	7.95%	13.00%	-5.05%	Not Met																																				
October	36	363	9.92%	13.00%	-3.08%	Not Met																																				
December	37	434	8.53%	13.00%	-4.47%	Not Met																																				

**Status of Prior Audit Findings
Year ended December 31, 2019**

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented															
<p><u>2018-003</u></p> <p><i>Level of Effort – Unmet Contractual Goals (Repeat Finding)</i></p> <p><i>Federal Catalog Number: 93.940</i></p> <p><i>Federal Program Name: HIV Prevention Activities Health Department Based</i></p> <p><i>Federal Agency: U.S. Department of Health and Human Services</i></p> <p><i>Pass-through Entities: County of Los Angeles, California</i></p> <p><i>Contract Number: PH000804</i></p>	<p><u>Finding</u> The Foundation did not meet the period's contract goals in relation to the following service delivery goals:</p> <table border="1" data-bbox="625 493 1283 675"> <thead> <tr> <th><u>Contract Goals</u></th> <th><u>% Required</u></th> <th><u>% Actual</u></th> <th><u>Under</u></th> <th><u>Status</u></th> </tr> </thead> <tbody> <tr> <td>By 12/31/2018, 100% of HIV positive clients who access services through this program will be referred to Partner Services</td> <td align="center">100.00%</td> <td align="center">99.00%</td> <td align="center">-1.00%</td> <td align="center">Not Met</td> </tr> <tr> <td>HIV Positivity Rate (1.3%)</td> <td align="center">1.30%</td> <td align="center">0.78%</td> <td align="center">-0.52%</td> <td align="center">Not Met</td> </tr> </tbody> </table> <p><u>Corrective Action Plan</u> Per inquiry with the Director of Contracts Administration, effective May 1, 2019, the Linkage to Care Specialist and Program Manager will work to emphasize to the Foundation Staff, working in the Public Health Department, the importance of referring their clients to partner services and making sure documentation is prepared to indicate referral has been performed. They will also work with the Los Angeles Department of Public Health to lower the positivity rate to 1% to align with other programs that the department funds.</p> <p>Personnel in charge of ensuring deliverables are met are Mauricio Carranza, Linkage to Care Specialist and Jaime Alvarez, Program Manager.</p>	<u>Contract Goals</u>	<u>% Required</u>	<u>% Actual</u>	<u>Under</u>	<u>Status</u>	By 12/31/2018, 100% of HIV positive clients who access services through this program will be referred to Partner Services	100.00%	99.00%	-1.00%	Not Met	HIV Positivity Rate (1.3%)	1.30%	0.78%	-0.52%	Not Met	<p>Partner Services - Fully implemented</p> <p>Attached is the latest HIV Testing report showing the Positivity rate has been achieved.</p>	<p>HIV Positivity Rate</p> <p>The program was without a Program Manager for four months. Upon finding a replacement, the testing staff was reassigned to different permanent sites to establish identities and build rapport with each community. Furthermore, there were strategy planning meetings with our partners to plan community testing events focused on bringing in the at-risk community. Since then, we increased our positivity rate to 84% for last year 2019 and are holding a steady in 2020 at above 1%.</p>
<u>Contract Goals</u>	<u>% Required</u>	<u>% Actual</u>	<u>Under</u>	<u>Status</u>														
By 12/31/2018, 100% of HIV positive clients who access services through this program will be referred to Partner Services	100.00%	99.00%	-1.00%	Not Met														
HIV Positivity Rate (1.3%)	1.30%	0.78%	-0.52%	Not Met														

**Status of Prior Audit Findings
Year ended December 31, 2019**

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented																				
<p><u>2018-004</u></p> <p><i>Level of Effort – Unmet Contractual Goals (Repeat Finding)</i></p> <p><i>Federal Catalog Number: 93.940</i></p> <p><i>Federal Program Name: HIV Prevention Activities Health Department Based</i></p> <p><i>Federal Agency: U.S. Department of Health and Human Services</i></p> <p><i>Pass-through Entities: County of Los Angeles, California Center for Disease Control</i></p> <p><i>Contract Number: PH-000822</i></p>	<p>Finding</p> <p>The Foundation did not meet the period's contract goals in relation to the following service delivery goals:</p> <table border="1" data-bbox="625 467 1287 716"> <thead> <tr> <th>Contract Goals</th> <th>% Required</th> <th>% Actual</th> <th>Under</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>By 12/31/2018, a minimum of 85% of those testing HIV Positive will be linked to medical care.</td> <td>85.00%</td> <td>62.00%</td> <td>-23.00%</td> <td>Not Met</td> </tr> <tr> <td>By 12/31/2018, 100% of HIV positive clients who access services through this program will be referred to Partner Services</td> <td>100.00%</td> <td>98.00%</td> <td>-2.00%</td> <td>Not Met</td> </tr> <tr> <td>HIV Positivity Rate (1.3%)</td> <td>1.30%</td> <td>0.85%</td> <td>-0.45%</td> <td>Not Met</td> </tr> </tbody> </table> <p>Corrective Action Plan</p> <p>The Director of Testing and Fleet Manager and Program Managers will work to find alternative methods for ensuring that their homeless populations are successfully linked to medical care in a way that is trackable and ensures a full continuum of care for patients that are HIV positive. They will also work to emphasize the importance of referring their clients to partner services and making sure documentation is prepared to indicate referral has been performed. The Foundation will also discuss with the Los Angeles Department of Public Health to lower the positivity rate to 1% to align with other programs that the Department funds.</p> <p>Personnel in charge of ensuring deliverables are met are Daniel Magsino, Director of Testing and Fleet Manager, Crystal Hernandez, Program Manager and Pedro Aguilar, Program Manager.</p>	Contract Goals	% Required	% Actual	Under	Status	By 12/31/2018, a minimum of 85% of those testing HIV Positive will be linked to medical care.	85.00%	62.00%	-23.00%	Not Met	By 12/31/2018, 100% of HIV positive clients who access services through this program will be referred to Partner Services	100.00%	98.00%	-2.00%	Not Met	HIV Positivity Rate (1.3%)	1.30%	0.85%	-0.45%	Not Met	<p>HIV Positivity Rate - Fully implemented</p> <p>After multiple discussion with the Los Angeles Department of Public Health, the County has agreed to lower the positivity rate to 1% to align with other programs. Attached is the latest HIV Testing report showing the Positivity rate has been achieved.</p>	<p>Linkage to Care</p> <p>The Mobile unit found a high number of known positives and homeless clients without contact information. The majority of known positive clients are in care with AHF or with other providers. When asked their reasoning for testing, the majority of them said "I wanted to see if the test would come back negative because my doctor told me I am undetectable". Linkage staff had conversations with AHF providers regarding the importance of educating their undetectable patients on what it means to be undetectable to help reduce the number of known positive test perform</p>
Contract Goals	% Required	% Actual	Under	Status																			
By 12/31/2018, a minimum of 85% of those testing HIV Positive will be linked to medical care.	85.00%	62.00%	-23.00%	Not Met																			
By 12/31/2018, 100% of HIV positive clients who access services through this program will be referred to Partner Services	100.00%	98.00%	-2.00%	Not Met																			
HIV Positivity Rate (1.3%)	1.30%	0.85%	-0.45%	Not Met																			

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
			<p>in the community. Linkage and testing have started an agreement with JWCH to refer homeless clients on the spot for treatment. The testing and linkage team will continue to work to reach the goals assign by the contract.</p> <p>Partner Services</p> <p>The program was without the DHSP Operations Assistant due to LOA. This individual handles all of the data exports, exceptions, and quality assurance of the data. MTU did not have a designated DHSP operations assistant and the work was done by multiple people leading to some mistakes. MTU and OTC worked drastically to correct all data for the corresponding year</p>

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
			and is reflective for 2019.

**Status of Prior Audit Findings
Year ended December 31, 2019**

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented																																																																																
<p><u>2018-005</u></p> <p><i>Level of Effort – Unmet Contractual Goals (Repeat Finding)</i></p> <p><i>Federal Catalog Number: 93.914</i></p> <p><i>Federal Program Name: HIV Emergency Relief Project Grants</i></p> <p><i>Federal Agency: U.S. Department of Health and Human Services</i></p> <p><i>Pass-through Entities: County of Los Angeles Department of Public Health</i></p> <p><i>Contract Number: PH-002460, PH-002430, PH-002388</i></p>	<p><u>Findings</u></p> <p><u>PH-002460 – HIV/AIDS Ambulatory Outpatient / Medical Services</u> The Foundation did not meet the period's contract goals in relation to medical visits as follows:</p> <table border="1"> <thead> <tr> <th><u>Service Site</u></th> <th><u>Goal</u></th> <th><u>Actual</u></th> <th><u>Under</u></th> <th><u>Status</u></th> </tr> </thead> <tbody> <tr> <td>Site #1 1300 North Vermont Ave.</td> <td>2,167</td> <td>1770</td> <td>(397)</td> <td>Not Met</td> </tr> <tr> <td>Site #2 99 North La Cienega Blvd.</td> <td>1,238</td> <td>1081</td> <td>(157)</td> <td>Not Met</td> </tr> <tr> <td>Site #3 1400 South Grand Ave.</td> <td>2,012</td> <td>1741</td> <td>(271)</td> <td>Not Met</td> </tr> <tr> <td>Site #4 4835 Van Nuys Blvd.</td> <td>1,548</td> <td>845</td> <td>(703)</td> <td>Not Met</td> </tr> <tr> <td>Site #5 9200 Colima Blvd.</td> <td>155</td> <td>130</td> <td>(25)</td> <td>Not Met</td> </tr> <tr> <td>Site #6 2146 West Adams Blvd.</td> <td>232</td> <td>101</td> <td>(131)</td> <td>Not Met</td> </tr> <tr> <td>Site #7 3131 Santa Anita Ave.</td> <td>232</td> <td>119</td> <td>(113)</td> <td>Not Met</td> </tr> <tr> <td>Site #8 520 North Prospect Ave.</td> <td>155</td> <td>74</td> <td>(81)</td> <td>Not Met</td> </tr> <tr> <td>Total</td> <td><u>7,739</u></td> <td><u>5,861</u></td> <td><u>(1,878)</u></td> <td></td> </tr> </tbody> </table> <p><u>PH-002430 – HIV/AIDS - Medical Care Coordination Services</u> The Foundation did not meet the period's contract goals in relation to direct service hours, number of patients and referral links as follows:</p> <p><u>Direct Service Hours</u></p> <table border="1"> <thead> <tr> <th><u>Service Sites</u></th> <th><u>Goal</u></th> <th><u>Actual</u></th> <th><u>Under</u></th> <th><u>Status</u></th> </tr> </thead> <tbody> <tr> <td>Site #1 1400 South Grand Ave.</td> <td>6,006</td> <td>1,402</td> <td>(4,604)</td> <td>Not Met</td> </tr> <tr> <td>Site #2 1300 North Vermont Ave.</td> <td>8,759</td> <td>3,097</td> <td>(5,662)</td> <td>Not Met</td> </tr> <tr> <td>Site #3 99 North La Cienega Blvd.</td> <td>6,507</td> <td>2,098</td> <td>(4,409)</td> <td>Not Met</td> </tr> <tr> <td>Site #4 4835 Van Nuys Blvd.</td> <td>3,754</td> <td>2,401</td> <td>(1,353)</td> <td>Not Met</td> </tr> <tr> <td>Total</td> <td><u>25,026</u></td> <td><u>8,998</u></td> <td><u>(16,028)</u></td> <td></td> </tr> </tbody> </table>	<u>Service Site</u>	<u>Goal</u>	<u>Actual</u>	<u>Under</u>	<u>Status</u>	Site #1 1300 North Vermont Ave.	2,167	1770	(397)	Not Met	Site #2 99 North La Cienega Blvd.	1,238	1081	(157)	Not Met	Site #3 1400 South Grand Ave.	2,012	1741	(271)	Not Met	Site #4 4835 Van Nuys Blvd.	1,548	845	(703)	Not Met	Site #5 9200 Colima Blvd.	155	130	(25)	Not Met	Site #6 2146 West Adams Blvd.	232	101	(131)	Not Met	Site #7 3131 Santa Anita Ave.	232	119	(113)	Not Met	Site #8 520 North Prospect Ave.	155	74	(81)	Not Met	Total	<u>7,739</u>	<u>5,861</u>	<u>(1,878)</u>		<u>Service Sites</u>	<u>Goal</u>	<u>Actual</u>	<u>Under</u>	<u>Status</u>	Site #1 1400 South Grand Ave.	6,006	1,402	(4,604)	Not Met	Site #2 1300 North Vermont Ave.	8,759	3,097	(5,662)	Not Met	Site #3 99 North La Cienega Blvd.	6,507	2,098	(4,409)	Not Met	Site #4 4835 Van Nuys Blvd.	3,754	2,401	(1,353)	Not Met	Total	<u>25,026</u>	<u>8,998</u>	<u>(16,028)</u>		<p>PH-002460- New contract effective 03/01/19 with re-negotiated goals based on projected needs at the time of RFP submission. New goal is 6,546 visits for 10 sites, including 2 added sites.</p> <p>PH-002430- New contract effective 03/01/19 with re-negotiated goals based on projected needs at the time of RFP submission. New goal is 899 clients, 24,572 direct service hours, 80% linked. All 10 sites served</p>	
<u>Service Site</u>	<u>Goal</u>	<u>Actual</u>	<u>Under</u>	<u>Status</u>																																																																															
Site #1 1300 North Vermont Ave.	2,167	1770	(397)	Not Met																																																																															
Site #2 99 North La Cienega Blvd.	1,238	1081	(157)	Not Met																																																																															
Site #3 1400 South Grand Ave.	2,012	1741	(271)	Not Met																																																																															
Site #4 4835 Van Nuys Blvd.	1,548	845	(703)	Not Met																																																																															
Site #5 9200 Colima Blvd.	155	130	(25)	Not Met																																																																															
Site #6 2146 West Adams Blvd.	232	101	(131)	Not Met																																																																															
Site #7 3131 Santa Anita Ave.	232	119	(113)	Not Met																																																																															
Site #8 520 North Prospect Ave.	155	74	(81)	Not Met																																																																															
Total	<u>7,739</u>	<u>5,861</u>	<u>(1,878)</u>																																																																																
<u>Service Sites</u>	<u>Goal</u>	<u>Actual</u>	<u>Under</u>	<u>Status</u>																																																																															
Site #1 1400 South Grand Ave.	6,006	1,402	(4,604)	Not Met																																																																															
Site #2 1300 North Vermont Ave.	8,759	3,097	(5,662)	Not Met																																																																															
Site #3 99 North La Cienega Blvd.	6,507	2,098	(4,409)	Not Met																																																																															
Site #4 4835 Van Nuys Blvd.	3,754	2,401	(1,353)	Not Met																																																																															
Total	<u>25,026</u>	<u>8,998</u>	<u>(16,028)</u>																																																																																

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented																																																							
	<p data-bbox="562 297 802 326"><u>Number of Patients</u></p> <table border="1" data-bbox="636 363 1262 529"> <thead> <tr> <th>Service Sites</th> <th>Goal</th> <th>Actual</th> <th>Under</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Site #1 1400 South Grand Ave.</td> <td>206</td> <td>32</td> <td>(174)</td> <td>Not Met</td> </tr> <tr> <td>Site #2 1300 North Vermont Ave.</td> <td>300</td> <td>92</td> <td>(208)</td> <td>Not Met</td> </tr> <tr> <td>Site #3 99 North La Cienega Blvd.</td> <td>223</td> <td>81</td> <td>(142)</td> <td>Not Met</td> </tr> <tr> <td>Site #4 4835 Van Nuys Blvd.</td> <td>129</td> <td>73</td> <td>(56)</td> <td>Not Met</td> </tr> <tr> <td>Total</td> <td>858</td> <td>278</td> <td>(580)</td> <td></td> </tr> </tbody> </table> <p data-bbox="562 561 737 591"><u>Referral Links</u></p> <table border="1" data-bbox="636 628 1213 768"> <thead> <tr> <th>Service Sites</th> <th>Goal</th> <th>Actual</th> <th>Under</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Site #1 1400 South Grand Ave.</td> <td>85%</td> <td>55%</td> <td>-30%</td> <td>Not Met</td> </tr> <tr> <td>Site #2 1300 North Vermont Ave.</td> <td>85%</td> <td>10%</td> <td>-75%</td> <td>Not Met</td> </tr> <tr> <td>Site #3 99 North La Cienega Blvd.</td> <td>85%</td> <td>40%</td> <td>-45%</td> <td>Not Met</td> </tr> <tr> <td>Site #4 4835 Van Nuys Blvd.</td> <td>85%</td> <td>67%</td> <td>-18%</td> <td>Not Met</td> </tr> </tbody> </table> <p data-bbox="562 797 1209 826"><u>PH-002388 – HIV/AIDS – Oral Health Care Services</u></p> <p data-bbox="562 829 1352 891">The Foundation was only able to serve 719 clients, which is 281 short of the period's contractual goal.</p> <p data-bbox="562 959 840 989"><u>Corrective Action Plan</u></p> <p data-bbox="562 992 1356 1148">The Foundation has requested the grant agency to lower their deliverables. The deliverables were lowered slightly but are still not reflective of our true Ryan White patient population. Note that the Foundation has not been penalized on funder audits for not reaching these deliverables.</p> <p data-bbox="562 1183 1356 1245">Personnel in charge of ensuring deliverables are met is Charity Chandler, National Director, Contracts Administration.</p>	Service Sites	Goal	Actual	Under	Status	Site #1 1400 South Grand Ave.	206	32	(174)	Not Met	Site #2 1300 North Vermont Ave.	300	92	(208)	Not Met	Site #3 99 North La Cienega Blvd.	223	81	(142)	Not Met	Site #4 4835 Van Nuys Blvd.	129	73	(56)	Not Met	Total	858	278	(580)		Service Sites	Goal	Actual	Under	Status	Site #1 1400 South Grand Ave.	85%	55%	-30%	Not Met	Site #2 1300 North Vermont Ave.	85%	10%	-75%	Not Met	Site #3 99 North La Cienega Blvd.	85%	40%	-45%	Not Met	Site #4 4835 Van Nuys Blvd.	85%	67%	-18%	Not Met	<p data-bbox="1413 269 1581 846">under Outpatient must also be MCC sites. DHSP uses a specific formula based on number of FTEs to calculate goals, thus negotiating down was not an option unless staff FTEs were also lowered for the program.</p> <p data-bbox="1413 881 1581 1424">PH-002388-RFP released and new deliverables were proposed by AHF. New contract effective 07/01/19, deliverable was 533 unduplicated clients from 07/01/19 – 02/29/20. YTD unduplicated clients served</p>	
Service Sites	Goal	Actual	Under	Status																																																						
Site #1 1400 South Grand Ave.	206	32	(174)	Not Met																																																						
Site #2 1300 North Vermont Ave.	300	92	(208)	Not Met																																																						
Site #3 99 North La Cienega Blvd.	223	81	(142)	Not Met																																																						
Site #4 4835 Van Nuys Blvd.	129	73	(56)	Not Met																																																						
Total	858	278	(580)																																																							
Service Sites	Goal	Actual	Under	Status																																																						
Site #1 1400 South Grand Ave.	85%	55%	-30%	Not Met																																																						
Site #2 1300 North Vermont Ave.	85%	10%	-75%	Not Met																																																						
Site #3 99 North La Cienega Blvd.	85%	40%	-45%	Not Met																																																						
Site #4 4835 Van Nuys Blvd.	85%	67%	-18%	Not Met																																																						

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
		<p>from July 2019 – January 2020 is 835. The deliverable moves to 800 for the 12 month term effective 03/01/20 through 02/28/21.</p>	

**Status of Prior Audit Findings
Year ended December 31, 2019**

Finding Reference	Identified Condition and Prior Year's Planned Corrective Action Plan	Current Status	Explanation if not fully implemented
<p><u>2018-006</u></p> <p><i>Level of Effort – Unmet Contractual Goals and Lack of Internal Monitoring of Contractual Performance Goals (Repeat Finding)</i></p> <p><i>Federal Catalog Number: 93.977</i></p> <p><i>Federal Program Name: Preventive Health Services Sexually Transmitted Diseases (STD) Control Grants: Men's Wellness Center (MWC) and Case Finding</i></p> <p><i>Federal Agency: U.S. Department of Health and Human Services</i></p> <p><i>Pass-through Entities: County of Los Angeles, Department of Public Health</i></p> <p><i>Contract Number: H-701797-10</i></p>	<p><u>Finding</u> As part of our procedures to review the status of the prior year corrective action plan, we reviewed current year's level of service compliance requirements. Compliance with the contract requirements related to the contract period from March 1, 2017 to February 28, 2018 population cannot be determined. These requirements were tested on a sample basis by the programmatic or provider audits. We noted that there is still a lack of formal internal monitoring of performance goals.</p> <p>The Foundation is only able to comply and provide results once programmatic audits require them to produce the information. Programmatic or provider audits are being performed on a test basis and do not cover all the program's service level requirements per the contract.</p> <p><u>Corrective Action Plan</u> The Foundation has worked with its IT and quality and programmatic teams to create new forms in our electronic medical record system, CPS, to track and monitor all the above requirements. The process to develop and create these forms took time but is in the final stages of implementation with an expected go live date of summer 2019. The person responsible for implementation and monitoring is Albert Ruiz, Director of Public Health.</p>	<p>The necessary form has been created, as of February 2019 to capture the required data.</p>	<p>Unfortunately, high priority issues arose for IT and the back end part of the project has been on hold which would allow our ability to demonstrate internal monitoring of the deliverables.</p> <p>Although the system is not functioning as preferred, we are able to generate an Excel spreadsheet designed to function in the same manner as the electronic form, from which we can extract data matching the exact items listed in the CEDIS Scope of Work. This information, however, will need to be retroactively and manually entered.</p>

