

AIDs Project of the Ozarks, Inc.

BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

KPM
CPAS & ADVISORS

Table of Contents

Independent Auditors' Report	3
Financial Statements	
Statement of Financial Position.....	5
Statement of Activities	6
Statement of Cash Flows	7
Statement of Functional Expenses	8
Notes to the Financial Statements	9
Other Financial Information	
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>	19
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	21
Schedule of Expenditures of Federal Awards.....	23
Summary Schedule of Findings and Questioned Costs	25
Summary Schedule of Prior Audit Findings	26



Independent Auditors' Report

Board of Directors
AIDS Project of the Ozarks, Inc.
Springfield, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of AIDS Project of the Ozarks, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 audit. We conducted our audit 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 auditors' 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 Organization'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 Organization'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.

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIDS Project of the Ozarks, Inc. as of December 31, 2019, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, on our consideration of AIDS Project of the Ozarks, Inc.'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 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 Project of the Ozarks, Inc.'s internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 25, 2020

Aids Project of the Ozarks

Statement of Financial Position

December 31, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 1,270,700
Investments	1,400,316
Accounts receivable	2,826,528
Grants receivable	449,422
Prepaid expenses	69,491
Total Current Assets	<u>6,016,457</u>

Property and Equipment

Cost	691,018
Less accumulated depreciation	(261,858)
Total Property and Equipment	<u>429,160</u>

Security Deposits

25,000

Restricted Investments - endowment

11,977

Total Assets

\$ 6,482,594

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 622,295
Accrued payroll taxes	41,372
Accrued vacation payable	110,625
Accrued salaries	45,046
Total Current Liabilities	<u>819,338</u>

Security Deposit Held

2,500

Total Liabilities

821,838

Net Assets

Without Donor Restrictions	5,660,756
With Donor Restrictions	-
Total Net Assets	<u>5,660,756</u>
Total Liabilities and Net Assets	<u><u>\$ 6,482,594</u></u>

See accompanying notes to the financial statements.

Aids Project of the Ozarks

Statement of Activities

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants	\$ 2,941,084	\$ -	\$ 2,941,084
Contributions	125,546	-	125,546
Program service fees	8,824,276	-	8,824,276
Fundraising events	49,613	-	49,613
Other revenue	74,995	-	74,995
Interest and dividends	37,075	-	37,075
Total Support and Revenue	12,052,589	-	12,052,589
Expenses			
Program Services			
Core services	2,496,757	-	2,496,757
Other programs	7,263,743	-	7,263,743
Support Services			
Management and general	1,194,322	-	1,194,322
Fundraising	28,780	-	28,780
Total Expenses	10,983,602	-	10,983,602
<i>Change in Net Assets Before Other Expenses</i>	1,068,987	-	1,068,987
Other Revenue			
Net realized and unrealized gain	117,015	-	117,015
Total Other Revenue	117,015	-	117,015
<i>Change in Net Assets</i>	1,186,002	-	1,186,002
Net Assets, Beginning of Year	4,474,754	-	4,474,754
Net Assets, End of Year	\$ 5,660,756	\$ -	\$ 5,660,756

See accompanying notes to the financial statements.

Aids Project of the Ozarks

Statement of Cash Flows

Year Ended December 31, 2019

Cash Flows from Operating Activities

Grants	\$ 2,881,785
Contributions	33,190
Program fees	8,323,313
Other income	124,608
Interest income	37,075
Salaries and related expenditures	(3,180,608)
Professional fees	(1,497,772)
Sub-grantee awards	(286,066)
Other operating expenses	(5,773,390)
Net Cash Provided by Operating Activities	<u>662,135</u>

Cash Flows From Investing Activities

Purchase of property and equipment	(93,484)
Purchase of investments	(537,028)
Net Cash (Used) by Investing Activities	<u>(630,512)</u>

Net Increase in Cash

31,623

Cash Balance, Beginning of year

1,239,077

Cash Balance, End of year

\$ 1,270,700

Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities

Changes in Net Assets	\$ 1,186,002
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	47,288
Non cash donation	(92,356)
(Gain) on sale of securities	(163,470)
Unrealized loss on sale of securities	46,455
Decrease (increase) in	
Accounts receivable	(500,044)
Grants receivable	(59,299)
Prepaid expenses	25,077
Increase (decrease) in	
Accounts payable	138,929
Payroll taxes payable	7,990
Accrued vacation payable	11,396
Accrued salaries payable	14,167
Net Cash Provided by Operating Activities	<u><u>\$ 662,135</u></u>

See accompanying notes to the financial statements.

Aids Project of the Ozarks

Statement of Functional Expenses

Year Ended December 31, 2019

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenditures</u>
	<u>Core Services</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and related expenses	\$ 1,898,436	\$ 704,358	\$ 623,983	\$ -	\$ 3,226,777
Professional fees	495,945	970,727	11,050	-	1,477,722
Contract services	-	17,516	1,068	-	18,584
Occupancy	76,516	33,768	267,901	-	378,185
Telephone	-	32,302	17,243	-	49,545
Equipment and supplies	25,860	66,935	95,897	28,780	217,472
Depreciation	-	-	47,288	-	47,288
Client assistance	-	17,014	-	-	17,014
Medications	-	4,945,596	-	-	4,945,596
Nutritional supplements	-	9,397	-	-	9,397
Conferences and meetings	-	132,942	7,017	-	139,959
Transportation	-	27,654	-	-	27,654
Miscellaneous	-	251	39,551	-	39,802
Insurance	-	-	34,222	-	34,222
Outreach	-	53,755	-	-	53,755
Sub-grantee award	-	242,478	19,398	-	261,876
Repairs and maintenance	-	-	24,585	-	24,585
Postage and shipping	-	4,848	1,954	-	6,802
Printing and publications	-	4,202	3,165	-	7,367
Total	<u>\$ 2,496,757</u>	<u>\$ 7,263,743</u>	<u>\$ 1,194,322</u>	<u>\$ 28,780</u>	<u>\$ 10,983,602</u>

See accompanying notes to the financial statements.

Aids Project of the Ozarks

Notes to the Financial Statements

December 31, 2019

1. Description of the Organization

AIDS Project of the Ozarks, Inc. is a nonprofit corporation primarily providing clinical care and case management for HIV/AIDS patients and public education concerning the AIDS virus. In addition to these services, clinical services are provided to the public with an emphasis on education, testing and treatment of sexually transmitted diseases. The majority of funding comes from federal government grants and program income related to those grants. The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

2. Summary of Significant Accounting Policies

Accounting Standard Adoption

The Organization adopted ASU No. 2016-14: Presentation of Financial Statements of Non-Profit Entities. Under this standard, all not-for-profit entities are required to:

- Present on the face of the statements of financial position amounts for two classes of net assets.
- Present on the face of the statements of activities the amount of change in each of the two net asset classes.
- Present on the face of the statements of cash flows the net amount for operating cash flows.
- Present amounts of expense by both their natural classification and functional classification, either on the face of the statements of activities, a separate statement, or in the notes of the financial statements.
- Report investment return net of external and direct internal investment expenses.

Provide disclosure in the notes of the financial statements the following: Amounts and purposes of governing board designated net assets; Composition of net asset with donor restrictions; Quantitative and qualitative information regarding the liquidity of the Organization; Methods used to allocate cost among program and support functions.

The Organization adopted this standard as of December 31, 2018. As a result of this adoption, the Organization's financial statements include applicable presentations and disclosures, but no change to the Organization's total net assets and changes in net assets.

Basis of Accounting and Financial Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the AIDS Project of the Ozarks, Inc.'s management and the board of the directors.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of AIDS Project of the Ozarks, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Aids Project of the Ozarks

Notes to the Financial Statements

December 31, 2019

Donor restricted contributions are reported as increases 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 activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to AIDS Project of the Ozarks, Inc.'s core medical services, client support services, outreach and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be a more unusual or nonrecurring nature.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the financial statement date to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Management continuously monitors the Organization's balances at financial institutions and invests excess operating cash in short-term investments. As of December 31, 2019, all bank balances were within the insurance limits, and therefore were entirely insured or collateralized.

Advertising

Costs for advertising are expensed as incurred.

Property and Equipment

Depreciation of property and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. These assets have been recorded at historical cost. It is the policy of the Organization to capitalize expenditures for equipment, furniture and fixtures in excess of \$500 per item. Interest costs are capitalized when incurred on debt where the proceeds were used to finance the construction of assets. No interest was capitalized during the year ended December 31, 2019.

Accounts Receivable

The Organization receivables consist primarily of State and Federal grant receivables, as well as receivables relating to the Organization's 340b Contract Pharmacy Program.

Aids Project of the Ozarks

Notes to the Financial Statements

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 the 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 statement of activities as net assets without donor 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.

Several volunteers have made significant contributions of their time in furtherance of AIDS Project of the Ozarks, Inc.'s mission. These services were not reflected in the accompanying statement of activities because they do not meet the necessary criteria for recognition under accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among core medical services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Sub-Grantee awards	Time and effort
Salaries and related expenses	Time and effort
Contract services	Time and effort
Occupancy	Square footage
Telephone	Square footage
Repairs and maintenance	Square footage
Postage and shipping	Time and effort

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Income Taxes

The Organization adopted the provisions of FASB standard on *Accounting for Uncertainty in Income Taxes* (ASC 740-10-25), on January 1, 2009. Under this standard, an organization shall initially recognize the financial statement effects on a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The implementation of this standard had no effect on the Organization's financial statements. The

Aids Project of the Ozarks

Notes to the Financial Statements

December 31, 2019

Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of this standard. For the year ended December 31, 2019, there were no interest or penalties recorded or included in its financial statements.

Subsequent Events

Management has evaluated subsequent events through September 25, 2020, the date the financial statements were available to be issued.

3. Availability & Liquidity

The following represents AIDS Project of the Ozarks, Inc.'s financial assets at December 31, 2019:

Financial assets at year end	2019
Cash and cash equivalents	\$ 1,270,700
Investments	1,412,293
Accounts receivable	2,826,528
Grants receivable	449,422
Total financial assets	<u>5,958,943</u>
Less amounts not available to be used within one year	
Less net assets obligated for long-term lease	1,387,843
Endowment established by the board	11,977
	<u>1,399,820</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,559,123</u>

AIDS Project of the Ozarks, Inc.'s goal is to maintain financial assets to meet 90 days of operating expenses (approximately \$1,289,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

4. Endowment Fund

The Organization's Endowment Fund includes Board-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment funds are classified and reported based on the existence or absence of Board-imposed restrictions.

Aids Project of the Ozarks

Notes to the Financial Statements

December 31, 2019

Interpretation of Relevant Law

The Organization has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diverse asset allocation that places greater emphasis on equity-based investments, (70%) to achieve its long-term return objectives within prudent risk constraints.

Endowment net assets by fund as of December 31, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 11,977	\$ -	\$ 11,977

Aids Project of the Ozarks

Notes to the Financial Statements

December 31, 2019

Changes in endowment net assets for the year ended December 31, 2019, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 10,401	\$ -	\$ 10,401
Investment return			
Investment income	153	-	153
Net gain (realized and unrealized)	1,423	-	1,423
Total investment return	<u>1,576</u>	<u>-</u>	<u>1,576</u>
Endowment Net assets, End of Year	<u>\$ 11,977</u>	<u>\$ -</u>	<u>\$ 11,977</u>

5. Grants Receivable

Grants receivable at December 31, 2019, consist of amounts due from funding sources on the balance of open contracts.

Grants Receivable	<u>2019</u> <u>\$ 449,422</u>
-------------------	----------------------------------

6. Prepaid Expenses

Prepaid expense includes insurance paid in advance on health and dental insurance, vehicles, directors and officers, and property and casualty for the Organization and rent on the new building. The balance of prepaid expenses at December 31, 2019, is \$69,491.

7. Property & Equipment

The cost and accumulated depreciation of building improvements and equipment were as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Depreciable Lives</u>
Vehicles	\$ 119,055	5 years
Office furniture and equipment	352,253	5-10 years
Computer software	33,449	3 years
Leasehold improvements	186,261	5-39 years
	<u>691,018</u>	
Less: Accumulated Depreciation	<u>(261,858)</u>	
	<u>\$ 429,160</u>	

Depreciation charged to expense for the year ended December 31, 2019, was \$47,288. At December 31, 2019, the Organization held assets with a net book value of \$2,627, which have restrictions regarding their disposal. The proceeds from the sale of any of these assets must be remitted to the granting agency.

Aids Project of the Ozarks

Notes to the Financial Statements

December 31, 2019

8. Risk Management

The Organization receives a large percentage of its revenues from various sources within the federal and state governments. If those contracts were not renewed for any reason, or if the receivables in connection with services rendered became uncollectible, the effect to the agency would be significant.

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and investments at financial institutions. At times, the balances in cash and investment accounts may be in excess of FDIC insurance limits. Management continuously monitors the Organization's balances at financial institutions and invests excess operating cash in short-term investments. As of December 31, 2019, all bank balances were within the insurance limits, and therefore were entirely insured or collateralized.

9. Contingencies

The Organization receives federal grants for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or withholding of future funding for expenditures disallowed or for other noncompliance with terms of the grants. The amounts, if any, of expenditures which may be disallowed cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

10. Investments

Investments at December 31, 2019, consisted of the following:

	2019	
	<u>Cost</u>	<u>Level 1 Fair Value</u>
Assets held at the Community Foundation	<u>\$ 1,295,000</u>	<u>\$ 1,412,293</u>

Investments in general are exposed to various risks, such as interest rate risk, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.) The Organization has no Level 2 assets.
- Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments). The Organization has no Level 3 assets.

Aids Project of the Ozarks

Notes to the Financial Statements

December 31, 2019

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments.

11. Operating Leases

The Organization leases equipment and conducts its operations from office spaces leased under agreements as detailed below:

Description	Property Location	Contract Starting Date	Contract Ending Date	Monthly Payment Amount
Panther Associates, LLC	Springfield, MO	9/1/2015	8/31/2021	\$ 1,900
City of Joplin	Joplin, MO	2/1/2015	1/31/2020	\$ 200
1636 Glenstone, LLC	Springfield, MO	8/28/2017	8/31/2032	\$ 22,408

Future minimum lease payments under these leases are as follows:

Year Ending December 31,	Amount
2020	\$ 293,690
2021	291,304
2022	281,626
2023	287,258
2024+	2,742,191
	<u>\$ 3,896,069</u>

The total amount of expense under these operating leases for the year ended December 31, 2019, was \$283,579.

12. Net Assets

Net assets with donor restrictions were as follows for the year ended December 31, 2019:

None	<u>2019</u> <u>\$ -</u>
------	----------------------------

Net assets without donor restrictions were as follows for the year ended December 31, 2019:

Undesignated	<u>2019</u> <u>\$ 4,260,936</u>
Obligated for long-term lease obligation	1,387,843
Board designated endowment	11,977
	<u>\$ 5,660,756</u>

Aids Project of the Ozarks

Notes to the Financial Statements

December 31, 2019

Net assets released from net assets with donor restrictions are as follows:

None	2019
	<u>\$ -</u>

13. Open Tax Years

The Organization's informational and tax returns are subject to examination by taxing authorities for a period of 3 years from the date they are filed. As of December 31, 2019, the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be filed in 2019</u>
Federal	2016-2018	2019
Missouri	2016-2019	2019

14. Risks & Uncertainties

Subsequent to year end, a strain of coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet determinable, but will likely be significant for both the local and global economy. The effects of COVID-19 on the Organization are not yet determinable, however, COVID-19 has been identified as a significant risk and uncertainty that could impact future operations.

15. Subsequent Event

In April 2020, Aids Project of the Ozarks, Inc. received a Paycheck Protection Program (PPP) Loan provided by the Small Business Administration to businesses affected by COVID-19 in the amount of \$263,500.

The loan amount will be forgiven as long as (1) the loan proceeds are used to cover payroll costs and certain occupancy costs over the eight week period after the loan is made; and (2) employees and compensation levels are maintained. The Aids Project of the Ozarks, Inc. estimates the majority of the funds will be forgiven under the program. However, if any funds are not forgiven, Aids Project of the Ozarks, Inc. has two years to repay the remaining amount at a fixed rate of 1%.

Other Financial Information



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

Board of Directors
AIDS Project of the Ozarks, Inc.
Springfield, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the AIDS Project of the Ozarks, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered AIDS Project of the Ozarks, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. 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 Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 25, 2020



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
AIDS Project of the Ozarks, Inc.
Springfield, Missouri

Report on Compliance for Each Major Federal Program

We have audited the compliance of AIDS Project of the Ozarks, Inc. with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of AIDS Project of the Ozarks' major federal program for the year ended December 31, 2019. AIDS Project of the Ozarks, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of AIDS Project of the Ozarks, Inc.'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 Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

The management of AIDS Project of the Ozarks, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AIDS Project of the Ozarks, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the Organization'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 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 would not necessarily identify deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 25, 2020

Aids Project of the Ozarks

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

<u>Federal Grantor / Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed-through to Subrecipient</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services				
Direct Program				
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease - Part C	93.918	N/A	\$ -	\$ 875,794
Kansas City Free Health Clinic Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	H12HA24807-04-00	-	106,260
Missouri Department of Health and Senior Services HIV Care Formula Grants Ryan White Part B	93.917	DH1920A0003	261,876	1,350,701
	93.917	DH1906A0001	-	128,502
			261,876	1,479,203
HIV Prevention Activities - Health Department Based/ HIV STD Prevention Program (Southwest Region)	93.940	DH1906A0001	-	178,164
Total U.S. Department of Health and Human Services			261,876	2,639,421
Social Security Administration				
Missouri Department of Health and Senior Services Housing Opportunities for Persons with AIDS	96.001	CS160339001	-	1,797
Total Social Security Administration			-	1,797
Total Expenditures of Federal Awards			\$ 261,876	\$ 2,641,218

N/A – Not applicable

Aids Project of the Ozarks

Notes Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

1. The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of AIDS Project of the Ozarks, Inc. (the Organization), 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization and it is not intended to, and does not, present the financial position, changes in net position, or cash flows of AIDS Project of the Ozarks, Inc.
2. Expenditures reported on the Schedule are reported in accordance with U.S. GAAP. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. AIDS Project of the Ozarks, Inc. did provide a federal award of \$261,876 to a subrecipient (Burrell Behavioral Health) during the year ended December 31, 2019.
4. Aids Project of the Ozarks, Inc. elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Aids Project of the Ozarks

Summary Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

Section I – Summary of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to 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 auditor’s report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal program:		
CFDA Number(s)	Name of Federal Program or Cluster	
93.917	HIV Care Formula Grants	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Aids Project of the Ozarks

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2019

There were no prior year audit findings.