



Elizabeth Glaser Pediatric AIDS Foundation

Financial Statements Years Ended December 31, 2022 and 2021

Elizabeth Glaser Pediatric AIDS Foundation

Financial Statements
Years Ended December 31, 2022 and 2021

Elizabeth Glaser Pediatric AIDS Foundation

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Independent Auditor's Report

The Board of Directors
Elizabeth Glaser Pediatrics AIDS Foundation
Washington, D.C.

We have audited the accompanying financial statements of the **Elizabeth Glaser Pediatrics AIDS Foundation** ("the Foundation"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Elizabeth Glaser Pediatrics AIDS Foundation** as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases* on January 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

June 16, 2023

Financial Statements

Elizabeth Glaser Pediatric AIDS Foundation

Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 7,002,921	\$ 10,775,114
Cash held at foreign offices	1,075,242	2,165,445
Investments	7,393,191	6,803,565
Due from government agencies	-	4,709,206
Contributions receivable	649,324	849,205
Other receivables	11,943,430	4,820,565
Charitable remainder trust contribution receivables	214,548	350,195
Prepaid expenses and other assets	5,768,242	5,634,002
Property and equipment, net	271,105	156,968
Operating lease right of use asset, net	8,041,584	-
Total assets	\$ 42,359,587	\$ 36,264,265
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 13,786,881	\$ 13,854,837
Grants payable - private	-	1,764
Grants payable - federal	21,381	582,219
Due to government agencies	4,114,595	-
Refundable advances - non-U.S. government grants	6,888,099	11,412,692
Operating lease payable	8,609,972	-
Deferred rent	-	312,308
Total liabilities	33,420,928	26,163,820
Net assets		
Without donor restrictions	7,876,135	8,429,356
With donor restrictions	1,062,524	1,671,089
Total net assets	8,938,659	10,100,445
Total liabilities and net assets	\$ 42,359,587	\$ 36,264,265

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statement of Activities

<i>Year ended December 31, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and other income			
Contributions	\$ 2,051,289	\$ (136,527)	\$ 1,914,762
Non-U.S. government grant revenue	18,061,767	-	18,061,767
U.S. government grant revenue	152,105,592	-	152,105,592
Investment return, net	(1,157,613)	-	(1,157,613)
Change in beneficial interest	-	1,499	1,499
Net assets released from restrictions	473,537	(473,537)	-
Total public support, revenue and other income	171,534,572	(608,565)	170,926,007
Expenses			
Program services:			
Program implementation	150,025,450	-	150,025,450
Research	2,505,960	-	2,505,960
Communications	1,968,821	-	1,968,821
Public policy	1,338,955	-	1,338,955
Total program services	155,839,186	-	155,839,186
Supporting services:			
Management and general	13,368,810	-	13,368,810
New business development	1,988,536	-	1,988,536
Fund-raising	891,261	-	891,261
Total supporting services	16,248,607	-	16,248,607
Total expenses	172,087,793	-	172,087,793
Changes in net assets	(553,221)	(608,565)	(1,161,786)
Net assets at beginning of year	8,429,356	1,671,089	10,100,445
Net assets at end of year	\$ 7,876,135	\$ 1,062,524	\$ 8,938,659

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statement of Activities

<i>Year ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and other income			
Contributions	\$ 2,129,424	\$ 953,109	\$ 3,082,533
Non-U.S. government grant revenue	18,919,181	-	18,919,181
U.S. government grant revenue	165,225,817	-	165,225,817
Contributed goods and services	133,721	-	133,721
Investment return, net	503,778	-	503,778
Other revenue	22,603	-	22,603
Change in beneficial interest	-	1,452	1,452
Net assets released from restrictions	306,734	(306,734)	-
Total public support, revenue and other income	187,241,258	647,827	187,889,085
Expenses			
Program services:			
Program implementation	163,481,061	-	163,481,061
Research	2,412,842	-	2,412,842
Communications	2,040,279	-	2,040,279
Public policy	1,026,982	-	1,026,982
Total program services	168,961,164	-	168,961,164
Supporting services:			
Management and general	12,995,341	-	12,995,341
New business development	2,109,503	-	2,109,503
Fund-raising	977,934	-	977,934
Total supporting services	16,082,778	-	16,082,778
Total expenses	185,043,942	-	185,043,942
Changes in net assets	2,197,316	647,827	2,845,143
Net assets at beginning of year	6,232,040	1,023,262	7,255,302
Net assets at end of year	\$ 8,429,356	\$ 1,671,089	\$ 10,100,445

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statement of Functional Expenses

<i>Year ended December 31, 2022</i>	Program Services					Supporting Services				
	Program Implementation	Research	Communications	Public Policy	Total Program Services	Management and General	New Business Development	Fund-raising	Total Supporting Services	Total Expenses
Salary	\$ 62,521,733	\$ 1,565,865	\$ 1,169,489	\$ 842,914	\$ 66,100,001	\$ 6,642,100	\$ 1,390,334	\$ 539,830	\$ 8,572,264	\$ 74,672,265
Fringe benefits	14,744,580	396,278	285,247	189,467	15,615,572	1,655,396	350,793	138,893	2,145,082	17,760,654
Travel	6,220,050	79,358	87,962	74,289	6,461,659	115,372	25,206	11,808	152,386	6,614,045
Equipment, hardware, and software	1,850,846	2,381	1,023	1,418	1,855,668	452,360	1,612	-	453,972	2,309,640
General office supplies	747,372	1,152	1,037	1,357	750,918	20,503	631	3,775	24,909	775,827
Medical supplies and equipment	17,844,229	-	-	1,649	17,845,878	-	3	-	3	17,845,881
Contract and professional services	9,827,438	405,144	316,068	146,684	10,695,334	1,302,196	127,559	80,673	1,510,428	12,205,762
Sub-agreements to implementing partners	18,391,560	-	-	-	18,391,560	-	-	-	-	18,391,560
Office expenses	4,395,430	22,812	55,648	33,159	4,507,049	1,577,113	67,748	64,378	1,709,239	6,216,288
Telecommunications	1,755,524	4,035	1,945	5,897	1,767,401	153,096	860	-	153,956	1,921,357
Depreciation and amortization	62,791	42	15	42	62,890	4,042	19	-	4,061	66,951
Rent and utilities	2,113,444	9,182	1,809	4,760	2,129,195	1,175,177	6,804	-	1,181,981	3,311,176
Foreign exchange (gain)/loss (net), bank and merchant fees	111,301	3,271	507	1,888	116,967	134,243	2,873	9,820	146,936	263,903
Employee development and training	405,618	4,325	4,794	10,468	425,205	26,749	6,867	2,164	35,780	460,985
Training programs for implementing partners	6,585,085	-	36,456	1,480	6,623,021	-	-	-	-	6,623,021
Special event expenses	-	-	2,349	-	2,349	447	-	23,515	23,962	26,311
Other	2,448,449	12,115	4,472	23,483	2,488,519	110,016	7,227	16,405	133,648	2,622,167
Total expenses	\$ 150,025,450	\$ 2,505,960	\$ 1,968,821	\$ 1,338,955	\$ 155,839,186	\$ 13,368,810	\$ 1,988,536	\$ 891,261	\$ 16,248,607	\$ 172,087,793

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statement of Functional Expenses

Year ended December 31, 2021	Program Services					Supporting Services					Total Expenses
	Program Implementation	Research	Communications	Public Policy	Total Program Services	Management and General	New Business Development	Fund-raising	Total Supporting Services		
Salary	\$ 63,954,214	\$ 1,360,665	\$ 1,245,118	\$ 699,670	\$ 67,259,667	\$ 6,901,544	\$ 1,562,188	\$ 440,260	\$ 8,903,992	\$ 76,163,659	
Fringe benefits	15,106,715	334,239	317,912	160,330	15,919,196	1,796,725	316,992	109,709	2,223,426	18,142,622	
Travel	5,022,239	14,926	7,032	543	5,044,740	18,439	1,982	3,417	23,838	5,068,578	
Equipment, hardware, and software	2,969,835	1,194	587	598	2,972,214	116,964	1,015	379	118,358	3,090,572	
General office supplies	1,135,342	2,810	2,654	1,008	1,141,814	28,624	3,084	8,599	40,307	1,182,121	
Medical supplies and equipment	22,229,505	-	-	-	22,229,505	-	-	-	-	22,229,505	
Contract and professional services	14,284,018	522,862	224,921	30,282	15,062,083	1,311,407	116,451	231,880	1,659,738	16,721,821	
Sub-agreements to implementing partners	20,588,903	-	-	-	20,588,903	-	-	-	-	20,588,903	
Office expenses	4,024,940	50,285	94,187	57,716	4,227,128	1,541,006	30,821	97,051	1,668,878	5,896,006	
Telecommunications	1,969,155	3,910	2,849	4,671	1,980,585	213,773	3,189	550	217,512	2,198,097	
Depreciation and amortization	40,742	-	-	-	40,742	60,037	-	-	60,037	100,779	
Rent and utilities	2,609,844	115,391	136,622	61,838	2,923,695	476,660	69,467	66,795	612,922	3,536,617	
Foreign exchange (gain)/loss (net), bank and merchant fees	217,792	2,950	43	2,940	223,725	141,444	1,078	10,349	152,871	376,596	
Employee development and training	494,742	1,676	3,869	6,142	506,429	21,729	2,594	69	24,392	530,821	
Training programs for implementing partners	7,058,588	-	-	59	7,058,647	-	41	-	41	7,058,688	
Special event expenses	-	-	-	-	-	-	-	3,546	3,546	3,546	
Other	1,640,766	1,934	4,485	1,185	1,648,370	366,989	601	5,330	372,920	2,021,290	
Contributed goods and services expenses	133,721	-	-	-	133,721	-	-	-	-	133,721	
Total expenses	\$ 163,481,061	\$ 2,412,842	\$ 2,040,279	\$ 1,026,982	\$ 168,961,164	\$ 12,995,341	\$ 2,109,503	\$ 977,934	\$ 16,082,778	\$ 185,043,942	

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Statements of Cash Flows

<i>December 31,</i>	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (1,161,786)	\$ 2,845,143
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	66,951	100,779
Net realized and unrealized loss (gain) on investments	1,361,555	(292,986)
Change in value of charitable remainder trust contribution receivables	135,647	(9,966)
Donated stock	(7,130)	(12,060)
Noncash lease expense	1,274,418	-
(Increase) decrease in assets:		
Cash held at foreign offices	1,090,203	1,408,524
Due from government agencies	8,823,801	864,973
Contribution receivables	199,881	(849,155)
Other receivables	(7,122,865)	(3,665,895)
Prepaid expenses and other assets	(134,240)	(48,380)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(67,956)	(2,992,906)
Grants payable - private	(1,764)	1,764
Grants payable - federal	(560,838)	(568,166)
Refundable advances - non-U.S. government grants	(4,524,593)	4,280,116
Principal reduction in operating lease liabilities	(1,018,338)	-
Deferred rent	-	(697,127)
Net cash (used in) provided by operating activities	(1,647,054)	364,658
Cash flows from investing activities:		
Purchases of property and equipment	(181,088)	(53,295)
Purchases of investments	(5,577,281)	(2,906,229)
Proceeds from sale of investments	3,633,230	3,196,879
Net cash (used in) provided by investing activities	(2,125,139)	237,355
Net (decrease) increase in cash and cash equivalents	(3,772,193)	602,013
Cash and cash equivalents at beginning of year	10,775,114	10,173,101
Cash and cash equivalents at end of year	\$ 7,002,921	\$ 10,775,114
Non-cash supplemental data		
Non-cash operating lease assets obtained in exchange for New operating lease liabilities - Upon adoption	\$ 9,316,002	\$ -
Non-cash change in deferred rent	312,308	-

See accompanying notes to financial statements.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

1. Organization

The Elizabeth Glaser Pediatric AIDS Foundation (the Foundation) is a non-profit 501(c)(3) organization established in 1988 whose mission is to prevent pediatric HIV infection and to eradicate pediatric AIDS through research, advocacy, prevention, and treatment programs. Its research programs, advocacy efforts, and international programs are intended to bring dramatic changes to the lives of children worldwide.

The Foundation's financial support is derived through cooperative agreements and contracts with the United States government, and other contributions and grants from other government and multilateral organizations, individuals, corporations, and foundations. The Foundation uses these funds to expand its ability to prevent mother-to-child transmission of HIV through counseling, testing, and preventative treatments in the developing world, and to expand the scope of the project to include care and treatment to mothers and families at many of its sites.

Other program activities include the Foundation's HIV/AIDS research programs to identify, fund, and conduct critical pediatric research leading to better treatments and prevention of HIV infection in infants and children.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements of the Foundation are presented in conformity with U.S. GAAP and have been prepared on the accrual basis of accounting, whereby revenue and support are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents. Substantially all cash equivalents are held in a short-term money market account with a bank.

Cash Held at Foreign Offices

Cash held at foreign offices represents monies held in overseas field offices to be used for operating expenses. These accounts consist of petty cash accounts, U.S. dollar accounts, host country denomination accounts, payroll withholding taxes, reimbursable value-added taxes and travel advances to host country staff.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

Investments

Investments are recorded at fair value based upon quoted market prices. Donated assets are sold immediately upon receipt and the amount of the sales proceeds received (which are considered a fair measure of the value at the date of the donation) is reported as donated stock.

Financial Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of checking accounts, certificates of deposits (CD's) and grant receivables. The Foundation maintains these checking accounts and CD's at a high credit-quality institution. Cash and certificates of deposits held at institutions insured by the Federal Deposit Insurance Corporation (FDIC) that exceeded federally insured limits or are not insured by FDIC were \$7,252,920 and \$10,530,273 at December 31, 2022 and 2021, respectively. Credit risk with respect to grant receivables is limited because services are rendered mainly to the federal government and other well-established non-U.S. private and government institutions.

The Foundation has operations in many countries throughout the world, many of which have politically and economically volatile environments. As a result, the Foundation may have financial and operational risks associated with these operations which could negatively impact the Foundation.

Due from Government Agencies

Due from government agencies are amounts that various government agencies owe to the Foundation for expenditures on the Foundation's cooperative agreements that were billed through December 31, 2022 and 2021, but not paid as of year-end.

Contribution Receivables

Contribution receivables are contributions that donors have pledged to the Foundation but have not provided payment as of December 31, 2022 and 2021.

Other Receivables

Other receivables are made up of accounts receivable and end-of-month unbilled accounts receivable. Accounts receivable are balances owed to the Foundation for services provided to other organizations and various government agencies. End-of-month unbilled accounts relate to expenditures that the Foundation has incurred for grants that were not billed to the relevant donor by the end of the December.

Charitable Remainder Trust Contribution Receivables

Charitable Remainder Trust Contribution Receivables (CRTCR) consists of split-interest agreements and charitable bequests.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

Split-interest agreements with donors consist solely of beneficial interests in irrevocable remainder trusts. The charitable remainder trusts are included in charitable remainder trust contribution receivable at the present value of the estimated future benefits to be received when the trust assets are distributed. Contribution revenue is recognized at the date the Foundation becomes aware that the trust has become irrevocable. The receivable is adjusted during the term of the trust for the accretion of discounts, revaluation of the present value of the estimated future payments to the current beneficiaries, and changes in life expectancies. The change in split-interest is recorded as contribution revenue. The discount rates used to calculate the present value of the estimated future benefits at December 31, 2022 and 2021, was 4.14% and 1.94%, respectively, and the expected rate of return on trust assets was 4.29%. The change in the value of split-interest agreements recognized for charitable remainder trusts was \$(135,650) and \$9,966 for the years ended December 31, 2022 and 2021, respectively, and is recognized as “contributions” within the statement of activities.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of advances to sub-recipients and prepaid expenses provided to vendors to meet or secure future obligations.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. As the Foundation does not retain full beneficial ownership of property purchased with federal and/or nonfederal funds for direct program use, these purchases are charged to program expense at the date of acquisition. Purchases of property costing \$5,000 with a useful life of one year or greater and used for indirect purposes are capitalized and depreciated over the estimated useful life of the asset:

Computer and equipment	Three years
Automobile	Five years
Software costs	Five years

Maintenance, repairs, and renewal costs related to property are charged to expense as incurred.

Due to Government Agencies

Due to government agencies are amounts that the Foundation owes to various government agencies for amounts received on the Foundation’s cooperative agreements through December 31, 2022 and 2021, but not expended by the Foundation as of year-end.

Grants Payable

As payments are made to the recipients of unconditional grants, the grants payable balance is reduced. Awards made to other organizations that are conditional in nature are not recorded as expenses until the condition has been satisfied. Payments made in advance to other organizations for which conditions have not yet been satisfied are classified as “prepaid expenses and other assets” in the statements of financial position. As the conditions are satisfied, expenses are recorded in the statements of activities and the “prepaid expenses and other assets” balance is reduced.

“Grants payable - private” consists of payments due to grants made primarily to other research and partner organizations and typically have a term of one-to-three years.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

“Grants payable - federal” are payments due to sub-recipients for programmatic expenses incurred through December 31, 2022 and 2021, respectively.

Basis of Presentation

The financial statements are presented in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *2016-14 Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*, whereby the Foundation is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. The Foundation did not have board designated net assets as of December 31, 2022 or 2021, respectively.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

Revenue Recognition

Contributions - Contribution revenue is accounted for under FASB Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08).

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions. These contributions also increase net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as contributions without donor restrictions.

Contributions are reported at fair value, which is net of estimated uncollectible amounts. The Foundation uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on experience as well as management’s analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions to be received after one year, are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years.

Elizabeth Glaser Pediatric AIDS Foundation

Notes to Financial Statements

Conditional promises to give, including those received under multi-year grant agreements are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. A promise is considered conditional only if the donor has stipulated one or more barriers that must be overcome before the Foundation is entitled to the assets transferred or promised, and there also exists a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise.

Non-U.S. and U.S. Government Grant and Contract Revenue - In accordance with ASU 2018-08, these arrangements constitute contributions since the customer does not receive commensurate value for the consideration received by the Foundation; rather, the purpose of an arrangement is for the benefit of the general public. Therefore, Foundation management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. In accordance with ASU 2018-08, a refundable advance is recorded when the Foundation receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. Non-U.S. government grants consist of grants from nongovernmental organizations and from international government agencies. Once expenses have been incurred in accordance with the provisions in the applicable donor agreements, the revenue is recognized. At December 31, 2022 and 2021, the Foundation had remaining available award balances on U.S. government, bilateral, and multilateral grants and contracts for sponsored projects of \$75,470,474 and \$85,668,099, respectively. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred. In the limited instances the Foundation obtains a contract established as a fee for service, revenue is recorded when the underlying performance measures are achieved. These activities are considered exchange transactions under FASB ASU 2014-09, *Revenue from Contracts Customers (Topic 606)*.

Contributed Goods and Services - Contributed services are recognized as revenue if the services received create or enhance nonfinancial assets, require specialized skills provided by individuals possessing those skills and typically need to be purchased if not provided by donation. Contributed services primarily consist of donated airline mileage. Contributed services and promises to contribute services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying financial statements. Contributed goods are recorded at the fair market value equivalent of what the goods or services would cost if not contributed. Contributed goods and services totaled \$0 and 133,721, for the years ended December 31, 2022 and 2021, respectively.

Refundable Advances - A refundable advance is recorded when the Foundation receives assets (i.e., cash) in advance of the satisfaction of the conditions within these arrangements. As of December 31, 2022 and 2021, there was approximately \$6,888,099 and \$11,412,592 in refundable advances recorded related to conditional grants and cooperative agreements.

Leases

Leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At the inception of the contract, the Foundation determines if an arrangement contains a lease based on whether there is an identified asset and whether the Foundation controls the use of the identified asset.

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The Foundation also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents the Foundation's right to use an underlying asset and a lease liability represents the Foundation's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement.

The Foundation's lease terms may include options to extend or terminate the lease. The Foundation generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the Foundation will exercise those options. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, the Foundation elected to exclude leases with terms of 12 months or less ("Short-Term") from the statements of financial position. Short-Term lease expense is recognized on a straight-line basis over the expected term of the lease within the rent and utilities line in the statement of functional expenses.

Foreign Currency Transactions

The functional currency of the Foundation is the U.S. Dollar. The financial statements and transactions of the Foundation's foreign operations are generally maintained in the relevant local currency. Where local currencies are used, assets and liabilities are remeasured at the statement of financial position date using the spot rate as of December 31, 2022 and 2021. Foreign currency exchange rate gains were \$268,291 and \$130,441 for the years ended December 31, 2022 and 2021, respectively. These amounts are included in foreign exchange (gain)/loss (net), bank and merchant fees within the statements of functional expenses.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a departmental basis in the Statements of Activities. In the Statements of Functional Expenses, costs that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Management and general expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Foundation. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Office expenses and rent and utilities are allocated to various functions based on the staff count. The statement of functional expenses present the natural classification detail of expenses by function. Functional costs are defined by their purpose below as:

Program Implementation: The Foundation's programs include supporting activities in countries around the world to provide and expand access to HIV prevention, care, and treatment to all children, women, and families affected by HIV in order to achieve and sustain an AIDS-free generation. Strengthening health systems, and integrating HIV services with primary health care services, particularly maternal and child health services, is critical to achieving this goal.

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Research: The Foundation's research programs lay a critical role in both defining the pediatric AIDS research agenda and supporting and conducting research to improve the lives of women, children, and families affected by HIV. Its focus is optimizing health service delivery; building an evidence base for new and innovative interventions; and effectively scaling up promising HIV and maternal, newborn, and child health interventions.

Communications: The Foundation's communications expenditures are incurred in order to further the outreach of the Foundation's programs to parts of populations who might not otherwise realize the help that can be provided by Foundation's U.S. government and Non-U.S. government programs.

Public Policy: The Foundation's public policy and advocacy team builds on the Foundation's legacy of fighting for the best policies for women, children, and families living with and affected by HIV. The Foundation is well positioned to champion children's rights in several realms-including those of national governments, African regional bodies, and multilateral organizations to produce victories for children.

Management and General: Management and general expenses represent expenses incurred by the Foundation's offices for administration of the various programs and to manage operations of the Foundation.

New Business Development Expenses: The Foundation incurs certain expenses reporting to bids and proposals for U.S. government and non-U.S. government cost-reimbursable cooperative agreements and U.S. government contracts which are tracked separately from general fund-raising expenses.

Fund-raising: General fundraising expenses represent expenses incurred to solicit contributions to the Foundation from corporations, foundations, and members of the general public.

Income Taxes

The Foundation is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding state revenue and taxation statutes, except for any federal income that may be a result of unrelated business transactions. Accordingly, no provision for income taxes is required.

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Foundation. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken. The Foundation has recognized no interest or penalties related to uncertain tax positions. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations for years prior to 2019.

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Recently Adopted Accounting Pronouncements

In 2022, management adopted FASB ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), and the additional ASU’s issued to clarify and update the guidance in ASU 2016-02 (collectively, “ASC Topic 842”). ASC Topic 842 modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. Management adopted ASC Topic 842 using the modified retrospective transition method, under which amounts in prior periods presented herein were not restated. For contracts existing at the time of adoption, management elected the practical expedient and did not reassess (i) whether any are or contain leases, (ii) lease classification, and (iii) initial direct costs. The implicit rates for the Foundation’s leases are not readily determinable; therefore, the Foundation has elected the allowed practical expedient to use a risk-free discount rate at the lease commencement date for all new leases and at January 1, 2022 (the “Adoption Date”). The Foundation’s real estate operating leases typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Foundation has elected the practical expedient to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments. For the Foundation, the adoption of ASC Topic 842 resulted in the following as of the Adoption Date:

Recognition of:	
Operating lease right-of-use assets	\$ 9,316,002
Operating lease liabilities	\$ 9,628,310
Derecognition of:	
Deferred rent	\$ 312,308

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The Foundation adopted ASU 2020-07 during the year ended December 31, 2022 under the retrospective basis. The adoption of the ASU had no material impact on the financial statements for the year end December 31, 2022.

Recently Issued Accounting Standards but Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13)*, which eliminates the requirement that a credit loss on a financial instrument be “probable” prior to recognition. Instead, a valuation allowance will be recorded to reflect an entity’s current estimate of all expected credit losses, based on both historical and forecasted information related to an instrument. The update is effective for private business entities for annual and interim reporting periods beginning after December 15, 2022, and should be adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the financial statements.

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In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. In December 2022, the FASB issued ASU 2022-06 *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. ASU 2022-06 extends the temporary optional guidance to ease the potential burden in accounting for reference rate reform through December 31, 2024. Management is currently evaluating the impact of this ASU on the financial statements.

The Foundation has assessed other accounting pronouncements issued or effecting during the years ended December 31, 2022 and 2021, and deemed they were not applicable to the Foundation and are not anticipated to have a material effect on the financial statements.

3. Liquidity and Availability of Resources

The following reflects assets as of the statement of position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts not available include amounts set aside for satisfaction of donor restrictions or pledged contributions that will not be received within the next year.

<i>December 31,</i>	2022	2021
Cash and cash equivalents	\$ 7,002,921	\$ 10,775,114
Cash held at foreign offices	1,075,242	2,165,445
Investments	7,393,191	6,803,565
Contributions receivable	649,324	849,205
Other receivables	11,943,430	4,820,565
Total financial assets	28,064,108	25,413,894
Due to government agencies	(4,114,595)	-
Grants restricted by donor with time or purpose restrictions	(1,062,524)	(1,671,089)
Financial assets available to meet cash needs for general expenditures within one year	\$ 22,886,989	\$ 23,742,805

The Foundation's operations are primarily funded by grants, contracts, and contributions from various donors, mainly the U.S. Government. In order to satisfy donors' restrictions on contributions as well as liabilities incurred in the performance of U.S. and Non-U.S. Government grants, the Foundation must maintain sufficient resources to meet those responsibilities to its donors.

As part of the Foundation's liquidity management, it has a policy to maintain the financial assets necessary for the performance of grants, contracts, and restricted contributions as its general expenditures, liabilities, and other obligations come due. Most of the Foundation's liquidity is generated through a U.S. Government line of credit through which the Foundation draws down funds as needed to cover expenditures and liabilities incurred on its U.S. Government grants. As of December 31, 2022 and 2021, the amount available through the U.S. Government line of credit totaled \$48,580,650 and \$81,899,615, respectively. As expenditures are incurred the Foundation will be able to utilize this line-of-credit without any additional funding obligations from the U.S. Government. Non-U.S. Government grants are funded through advances from various donors. Net unused advances (refundable advances) as of December 31, 2022 and 2021 totaled \$6,888,099 and \$11,412,692, respectively. In addition, the Foundation has short-term investments that could be

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used to cover cash shortfalls, as needed. Additionally, during the year ended December 31, 2022, the Foundation entered into a Loan Management Account (LMA account) arrangement with Bank of America. This account represents a flexible line of credit that uses securities in the Foundation's Merrill Lynch brokerage accounts as collateral. During the year ended December 31, 2022 there were no draws on this line of credit and as of December 31, 2022 there was no outstanding balance. The rate for the line of credit during 2022 was 6.0%. The LMA has no stipulated expiration date.

4. Investments

Investments consist of the following at:

<i>December 31,</i>	2022	2021
Certificates of deposit	\$ -	\$ 249,157
Common stock	2,819,645	1,829,963
Mutual funds:		
Domestic large blend	454,527	446,199
Foreign large growth	450,492	497,698
Domestic growth funds	547,382	968,117
Bond funds	1,689,275	1,784,552
Emerging markets fund	478,279	632,463
Real assets fund	406,246	395,416
Exchange traded fixed income	547,345	-
Total investments	\$ 7,393,191	\$ 6,803,565

Investment return, net consists of the following:

<i>Years ended December 31,</i>	2022	2021
Interest and dividends	\$ 203,942	\$ 210,792
Unrealized (losses) gains on investments	(1,555,001)	201,917
Realized gains on investments	193,446	91,069
	\$ (1,157,613)	\$ 503,778

Management concluded that investments fees were not material for disclosure.

5. Fair Value Measurements

FASB ASC 820 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under ASC 820 as assumptions market participants would use in pricing an asset or liability.

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The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. These include equity securities and publicly-traded mutual funds that are actively traded on a major exchange or over-the-counter markets.

Level 2 - Observable market-based inputs or unobservable inputs corroborated by market data that are not considered to be active.

Level 3 - Unobservable inputs that are not corroborated by market data. Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. These reflects limited partnerships, corporate investments, and real investment funds.

In certain cases, the inputs used to measure the fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment and split-interest agreement.

The following tables set forth by level within the fair value hierarchy the Foundation's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2022 and 2021, respectively. As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	Fair Value Measurements at Reporting Date Using			
	Fair Value at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Assets:				
Investments:				
Common Stock	\$ 2,819,645	\$ 2,819,645	\$ -	\$ -
Mutual Funds	4,026,201	4,026,201	-	-
Exchange Traded Fixed Income	547,345	547,345	-	-
Split-interest agreements/ Charitable remainder trust contribution receivables	214,548	-	-	214,548
Total assets	\$ 7,607,739	\$ 7,393,191	\$ -	\$ 214,548

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December 31, 2021	Fair Value Measurements at Reporting Date Using			
	Fair Value at December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Certificates of deposit	\$ 249,157	\$ 249,157	\$ -	\$ -
Common Stock	1,829,963	1,829,963	-	-
Mutual Funds	4,724,445	4,724,445	-	-
Split-interest agreements/ Charitable remainder trust contribution receivables	350,195	-	-	350,195
Total assets	\$ 7,153,760	\$ 6,803,565	\$ -	\$ 350,195

The fair value of investments is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. When quoted prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy.

The following tables provide a reconciliation of the beginning and ending balances of split-interest agreements measured at fair value on a recurring basis in the tables above that used significant unobservable inputs (Level 3). As such, the amount of actual cash received is reflected in Level 1 at December 31, 2022 and 2021.

Description	Fair Value at December 31, 2021	Unrealized (Losses)	Transfers In (Out) of Level 3	Fair Value at December 31, 2022
Split-interest agreements/ Charitable remainder trust contribution receivables	\$ 350,195	\$ (135,647)	\$ -	\$ 214,548

Description	Fair Value at December 31, 2020	Unrealized Gains	Transfers In (Out) of Level 3	Fair Value at December 31, 2021
Split-interest agreements/ Charitable remainder trust contribution receivables	\$ 340,229	\$ 9,966	\$ -	\$ 350,195

Level 3 Valuation

For split-interest agreements/charitable remainder trust contribution receivables, the Foundation gathers as much information as possible for each instrument, including the initial and current trust value, the amount allocated to the Foundation, the date of birth of any other beneficiaries and

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payout amounts. The Foundation uses a standard charitable gift calculation model using these inputs and a standard discount rate reset each year based on current IRS discount rates. For any input not readily available, management develops a best estimate for use in the calculation. There were no changes in valuation techniques for these receivables for 2022 and 2021.

Level 3 Sensitivity of Fair Value Measurements and Changes in Significant Unobservable Inputs

The significant unobservable inputs used in the fair value measurement of the Foundation's split-interest agreements/charitable remainder trust contribution receivables are subject to market risks resulting from changes in the market value of their underlying investments.

6. Contributions Receivable

The anticipated cash flows from contributions receivable are as follows:

<i>December 31,</i>	2022	2021
Unconditional promises to give expected to be collected in:		
Less than one year	\$ 418,806	\$ 372,633
One to five years	250,000	500,000
Subtotal	668,806	872,633
Less unamortized discount	(19,482)	(23,428)
Contribution receivable, net	\$ 649,324	\$ 849,205

The discount rates used in determining the net present value of contributions receivable for the years ended December 31, 2022 and 2021 was 4.14% and 1.94%, respectively.

The Foundation makes estimates about the collectability of these receivables based on collection experience. Management believes contribution receivables to be fully realizable and consequently, did not record an allowance for uncollectible amounts. There were no contribution receivables written off during the years ended December 31, 2022 and 2021, respectively.

The Foundation had no conditional pledges for the years ended December 31, 2022 and 2021, respectively.

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7. Property and Equipment

Property and equipment consisted of the following at:

<i>December 31,</i>	2022	2021
Computers and equipment	\$ 1,152,176	\$ 1,152,176
Computer software	178,571	-
Automobiles	597,655	597,656
Leasehold and tenant improvements	281,104	281,104
	2,209,506	2,030,936
Less accumulated depreciation and amortization	1,938,401	1,873,968
Property and equipment, net	\$ 271,105	\$ 156,968

Depreciation and amortization expense for the years ended December 31, 2022 and 2021, was \$66,951 and \$100,779, respectively.

8. Private and Federal Grants Payable

The multi-year grants payable consisted of the following at:

<i>December 31,</i>	2022	2021
Private grants payable:		
International Family AIDS Initiative - private	\$ -	\$ 1,764
Federal grants payable:		
International Family AIDS Initiative	\$ 21,381	\$ 582,219

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of:

<i>December 31,</i>	2022	2021
<i>Subject to expenditure for a specified purpose:</i>		
International Family AIDS Initiative	\$ 230,102	\$ 449,813
Basic research	92,315	96,141
Outside events	3,840	3,840
Other	6,955	6,955
	333,212	556,749
<i>Subject to the passage of time:</i>		
Assets held in charitable remainder trusts	132,502	269,649
Other	515,747	765,127
	648,249	1,034,776
<i>Perpetual in nature:</i>		
Beneficial interest in perpetual trust	81,063	79,564
	\$ 1,062,524	\$ 1,671,089

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The change in beneficial interest in perpetual trust is recorded within the statements of activities based on annual underlying trust valuation changes.

10. Released from Net Assets with Donor Restrictions

Net assets were released from donor restrictions by the Foundation incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors, as follows:

<i>Years ended December 31,</i>	2022	2021
Purpose restrictions accomplished:		
International Family AIDS Initiative	\$ 219,711	\$ 276,047
Basic research	3,826	30,687
Total purpose restrictions released	223,537	
Time restrictions accomplished:		
Keith Haring Foundation	\$ 250,000	\$ -
	\$ 473,537	\$ 306,734

11. Pension Benefits

The Foundation has a defined contribution retirement plan (the Plan) under Section 403(b) of the IRC. The effective date of the Plan is January 1, 2006. Employees, as defined, are eligible to participate in the Plan after they have completed 90 days of service and attainment of age 21. Benefits are not subject to, nor covered by, federal plan termination insurance. The Foundation will match the employee's contribution dollar-for-dollar up to a maximum 7% of eligible compensation per pay period. Employees are immediately vested 100% in their own contributions and become vested over a three-year period in the Foundation's matching contributions. Total employer contributions to the Plan for the years ended December 31, 2022 and 2021, were \$873,888 and \$1,033,247, respectively.

12. Leases

Leases

The Foundation has non-cancelable lease arrangements for corporate facilities which expire at various dates to fiscal year 2034. The Foundation does not have any leases that are classified as finance leases, and do not have any material office space subleases.

All lease agreements for the year ended December 31, 2022, are accounted for under ASC Topic 842; for the year ended December 31, 2021, all leases were accounted for under the previous lease standard.

Upon adoption of ASC Topic 842 and as discussed in Note 2, The Foundation elected numerous practical expedients with respect to leases existing as of January 1, 2022.

Rental payments under these leases include base rental amounts for the terms of each lease unless the lease contains variable costs based (e.g., utilities, real estate taxes, operating expenses such

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as janitorial and common area maintenance, water, and insurance) on an index or rate. If a lease does include indexed or variable costs at a specific rate, Inc. and include those costs as part of operating lease expense.

Other leases contain variable costs for expenses which are not based on an index or rate. These variable lease payments are determined based on actual expenses incurred by the lessor and passed to the Foundation on a periodic basis. The Foundation expenses these nonlease components as incurred.

For leases that contain an option to extend for an additional period, management evaluated whether it is reasonably certain that the Foundation would, in fact, extend the lease. If the Foundation was not reasonably certain that a lease would be extended, the additional term was not included in the determination of the lease liability and right-of-use asset. If the Foundation was reasonably certain that a lease would be extended, the additional term was included in the determination of the lease liability and right-of-use asset.

Operating lease expense in the statements of activities for the year ended December 31, 2022, which is included in “rent and utilities” within the statements of functional expenses, was \$2,982,062.

The weighted-average remaining lease term and discount rate related to the Foundation’s lease liabilities as of December 31, 2022, were:

Weighted average remaining lease term	8.19 years
Weighted average discount rate	4.80%

Aggregate remaining maturities of lease liabilities as of December 31, 2022, are as follows:

2023	\$ 1,230,432
2024	1,268,298
2025	1,014,211
2026	884,001
2027	758,130
Thereafter	5,038,281
<hr/>	
Total operating lease payments	10,193,353
<hr/>	
Less: imputed interest	(1,583,381)
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Total operating lease liabilities	\$ 8,609,972

Previous lease standard - Fiscal year 2021— had operating leases for equipment and office space. Rental expense for equipment, office space, and program requirements for year ended December 31, 2021, was \$2,936,747 and is included in “rent and utilities” in the statements of functional expenses.

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The future minimum lease payments (“FMLP”), associated with the Foundation’s real estate leases were as follows as of December 31, 2021:

	Office space rental FMLP
2022	\$ 2,462,086
2023	646,409
2024	505,800
2025	191,080
2026	114,321
Total FMLP	\$ 3,919,696

13. Litigation

In the ordinary course of business, the Foundation is from time to time a party to various claims and lawsuits. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued for. Management has not identified any material open litigation matters occurring in the normal course of business as of December 31, 2022 or 2021.

14. Federal Programs

The Foundation receives a majority of its revenue from U.S. Government funded grants and cooperative agreements, all of which are subject to audit. The ultimate determination of amounts received under these grants is generally based upon allowable costs reported to and subject to audit by sponsoring agencies. Management believes that disallowed costs, if any, will be immaterial to the financial statements.

15. Subsequent Events

The Foundation has evaluated subsequent events for recognition and disclosure through June 16, 2023, the date the financial statements were available to be issued. There were no transactions or events that required adjustments to or disclosure in the financial statements.