

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

**Independent Auditor's Reports and Consolidated
Financial Statements**

June 30, 2018



AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

June 30, 2018

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Independent Auditor's Report

Board of Directors
AIDS Project Los Angeles,
APLA Health & Wellness and
The Global Forum on MSM & HIV (MSMGF)
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF) as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the Organization's internal control over financial reporting and 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 Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV's (MSMGF) internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the June 30, 2017, consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BKD, LLP

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Consolidated Statement of Financial Position

June 30, 2018

With Summarized Totals at June 30, 2017

Assets

| | 2018 | | | 2017 Total |
|-----------------------------------|----------------------|---------------------------|----------------------|----------------------|
| | Unrestricted | Temporarily Restricted | Total | |
| Cash and cash equivalents | \$ 3,571,540 | \$ 513,638 | \$ 4,085,178 | \$ 2,278,872 |
| Investments | 1,829,411 | - | 1,829,411 | 1,054,459 |
| Term endowment | - | 2,507,507 | 2,507,507 | 2,074,393 |
| Accounts receivable, net | 2,714,281 | - | 2,714,281 | 839,706 |
| Medi-Cal waiver receivable | 952,769 | - | 952,769 | 264,311 |
| Grants receivable | 2,080,598 | - | 2,080,598 | 2,329,196 |
| Contributions receivable | 330,376 | 658,848 | 989,224 | 1,302,290 |
| Prepaid expenses and other assets | 212,345 | - | 212,345 | 456,806 |
| Deposits | 147,066 | - | 147,066 | 242,967 |
| Inventories | 128,566 | - | 128,566 | 247,542 |
| Split interest agreements | - | 18,160 | 18,160 | 21,062 |
| Property and equipment, net | 2,259,946 | - | 2,259,946 | 2,521,958 |
| | <u>\$ 14,226,898</u> | <u>\$ 3,698,153</u> | <u>\$ 17,925,051</u> | <u>\$ 13,633,562</u> |

Liabilities and Net Assets

| | | | | |
|------------------|------------------|----------|------------------|------------------|
| Accounts payable | \$ 1,247,744 | \$ - | \$ 1,247,744 | \$ 891,740 |
| Accrued expenses | 1,060,541 | - | 1,060,541 | 1,155,865 |
| Deferred revenue | 1,309,493 | - | 1,309,493 | 874,612 |
| Notes payable | 429,490 | - | 429,490 | 439,490 |
| | <u>4,047,268</u> | <u>-</u> | <u>4,047,268</u> | <u>3,361,707</u> |

Net Assets

| | | | | |
|----------------------------------|----------------------|---------------------|----------------------|----------------------|
| Unrestricted | | | | |
| Undesignated | 7,272,162 | - | 7,272,162 | 4,915,212 |
| Board designated | 2,907,468 | - | 2,907,468 | 2,111,531 |
| Temporarily restricted | - | 3,698,153 | 3,698,153 | 3,245,112 |
| | <u>10,179,630</u> | <u>3,698,153</u> | <u>13,877,783</u> | <u>10,271,855</u> |
| Total net assets | <u>10,179,630</u> | <u>3,698,153</u> | <u>13,877,783</u> | <u>10,271,855</u> |
| Total liabilities and net assets | <u>\$ 14,226,898</u> | <u>\$ 3,698,153</u> | <u>\$ 17,925,051</u> | <u>\$ 13,633,562</u> |

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Consolidated Statement of Activities

Year Ended June 30, 2018

With Summarized Totals for the Year Ended June 30, 2017

| | Unrestricted | 2018 Temporarily Restricted | Total | 2017 Total |
|---------------------------------------|----------------------|-----------------------------------|----------------------|----------------------|
| Revenues and Other Support | | | | |
| Fundraising events | \$ 1,482,329 | \$ - | \$ 1,482,329 | \$ 2,505,838 |
| Cost of direct donor benefits | (518,163) | - | (518,163) | (572,146) |
| Net fundraising events | 964,166 | - | 964,166 | 1,933,692 |
| Contribution revenue | 3,834,391 | 1,405,279 | 5,239,670 | 2,577,736 |
| Grant revenue | 14,017,329 | - | 14,017,329 | 13,954,250 |
| Net patient service revenue | 10,841,508 | - | 10,841,508 | 5,070,601 |
| Medi-Cal waiver revenue | 1,843,825 | - | 1,843,825 | 1,282,093 |
| Contributed goods and services | 1,789,370 | - | 1,789,370 | 1,721,694 |
| Other revenue | 564,785 | - | 564,785 | 703,980 |
| Investment return | 40,550 | 230,938 | 271,488 | 84,499 |
| Net assets released from restrictions | 1,183,176 | (1,183,176) | - | - |
| Total revenue and other support | <u>35,079,100</u> | <u>453,041</u> | <u>35,532,141</u> | <u>27,328,545</u> |
| Expenses | | | | |
| Client support | 7,109,141 | - | 7,109,141 | 7,596,736 |
| Education | 7,142,219 | - | 7,142,219 | 6,414,568 |
| Clinical services | 11,937,093 | - | 11,937,093 | 7,344,253 |
| Government affairs | 550,831 | - | 550,831 | 505,875 |
| Total program services | 26,739,284 | - | 26,739,284 | 21,861,432 |
| Management and general | 3,555,264 | - | 3,555,264 | 2,470,852 |
| Fundraising | 1,631,665 | - | 1,631,665 | 2,141,183 |
| Total expenses | <u>31,926,213</u> | <u>-</u> | <u>31,926,213</u> | <u>26,473,467</u> |
| Change in Net Assets | 3,152,887 | 453,041 | 3,605,928 | 855,078 |
| Net Assets, Beginning of Year | <u>7,026,743</u> | <u>3,245,112</u> | <u>10,271,855</u> | <u>9,416,777</u> |
| Net Assets, End of Year | <u>\$ 10,179,630</u> | <u>\$ 3,698,153</u> | <u>\$ 13,877,783</u> | <u>\$ 10,271,855</u> |

**AIDS Project Los Angeles, APLA Health & Wellness and
The Global Forum on MSM & HIV (MSMGF)
Consolidated Statement of Functional Expenses
Year Ended June 30, 2018
With Summarized Totals for the Year Ended June 30, 2017**

| | Program Services | | | | Total Program Services | Supporting Services | | Total Supporting Services | Total | 2017 Total |
|--|---------------------|---------------------|----------------------|-----------------------|------------------------------|------------------------------|---------------------|---------------------------------|----------------------|----------------------|
| | Client Support | Education | Clinical Services | Government Affairs | | Management and General | Fundraising | | | |
| Salaries and Related | | | | | | | | | | |
| Salaries and wages | \$ 2,272,812 | \$ 2,645,632 | \$ 5,179,128 | \$ 347,353 | \$ 10,444,925 | \$ 1,253,804 | \$ 487,800 | \$ 1,741,604 | \$ 12,186,529 | \$ 10,431,733 |
| Employee benefits | 533,041 | 600,262 | 1,051,885 | 62,010 | 2,247,198 | 236,929 | 83,751 | 320,680 | 2,567,878 | 2,281,604 |
| Total personnel expenses | 2,805,853 | 3,245,894 | 6,231,013 | 409,363 | 12,692,123 | 1,490,733 | 571,551 | 2,062,284 | 14,754,407 | 12,713,337 |
| Purchased services and professional fees | 925,580 | 2,229,186 | 572,567 | 41,353 | 3,768,686 | 359,975 | 361,617 | 721,592 | 4,490,278 | 4,333,831 |
| Occupancy | 591,032 | 475,520 | 965,864 | 33,233 | 2,065,649 | 164,395 | 119,703 | 284,098 | 2,349,747 | 2,092,395 |
| Attendant care | 1,206,857 | - | - | - | 1,206,857 | - | - | - | 1,206,857 | 866,541 |
| Temporary help | 90,249 | 151,540 | 337,399 | - | 579,188 | - | 307,671 | 307,671 | 886,859 | 842,683 |
| Food supplies | 984,193 | - | - | - | 984,193 | - | - | - | 984,193 | 1,369,949 |
| Printing and duplication | 28,412 | 45,150 | 26,538 | 1,971 | 102,071 | 9,933 | 69,410 | 79,343 | 181,414 | 289,345 |
| Staff training, development and travel | 39,504 | 442,001 | 125,797 | 44,320 | 651,622 | 56,223 | 27,567 | 83,790 | 735,412 | 715,321 |
| Depreciation | 93,429 | 105,163 | 337,661 | 5,743 | 541,996 | 56,020 | 7,606 | 63,626 | 605,622 | 597,428 |
| Support to other organizations | 31,280 | 11 | - | 3 | 31,294 | 185,321 | 4 | 185,325 | 216,619 | 249,195 |
| Promotion and outreach | 70,360 | 278,663 | 9,044 | 4,663 | 362,730 | 55,734 | 74,557 | 130,291 | 493,021 | 471,963 |
| Postage and delivery | 472 | 3,100 | 1,143 | 45 | 4,760 | 2,882 | 54,962 | 57,844 | 62,604 | 107,088 |
| Supplies, equipment rental and maintenance | 202,259 | 79,754 | 3,264,932 | 5,741 | 3,552,686 | 57,483 | 20,755 | 78,238 | 3,630,924 | 1,257,884 |
| Accounting and legal | 2,293 | 48,057 | 5,000 | - | 55,350 | 980,121 | 5,619 | 985,740 | 1,041,090 | 309,760 |
| Insurance | 50 | 811 | - | - | 861 | 122,407 | 13 | 122,420 | 123,281 | 136,840 |
| Communications | 37,318 | 37,369 | 60,135 | 4,396 | 139,218 | 14,037 | 10,630 | 24,667 | 163,885 | 194,907 |
| Gain on disposal of property and equipment | - | - | - | - | - | - | - | - | - | (75,000) |
| Total expenses | \$ 7,109,141 | \$ 7,142,219 | \$ 11,937,093 | \$ 550,831 | \$ 26,739,284 | \$ 3,555,264 | \$ 1,631,665 | \$ 5,186,929 | \$ 31,926,213 | \$ 26,473,467 |

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Consolidated Statement of Cash Flows

Year Ended June 30, 2018

With Summarized Totals for the Year Ended June 30, 2017

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Operating Activities | | |
| Change in net assets | \$ 3,605,928 | \$ 855,078 |
| Items not requiring (providing) cash | | |
| Gain on disposal of property and equipment | - | (75,000) |
| Depreciation | 605,622 | 597,428 |
| Net realized and unrealized (gains) losses on investments | (199,793) | (68,502) |
| Amortization of notes payable through service credits | (10,000) | - |
| Change in value of split interest agreements | 2,902 | 48,815 |
| Changes in | | |
| Accounts receivable, net | (1,874,575) | (183,810) |
| Medi-Cal waiver receivable | (688,458) | 109,809 |
| Grants receivable | 248,598 | (639,068) |
| Contributions receivable | 313,066 | 1,910,277 |
| Deposits | 95,901 | 145,085 |
| Prepaid expenses and other assets | 244,461 | (146,459) |
| Inventories | 118,976 | (78,626) |
| Accounts payable and accrued expenses | 260,680 | 143,487 |
| Deferred revenue | 434,881 | 548,064 |
| | <u>3,158,189</u> | <u>3,166,578</u> |
| Net cash provided by operating activities | | |
| | <u>3,158,189</u> | <u>3,166,578</u> |
| Investing Activities | | |
| Purchase of investments | (1,432,613) | (4,382,053) |
| Proceeds from sale of investments | 424,340 | 1,984,646 |
| Purchase of property and equipment | (343,610) | (913,617) |
| Proceeds from sale of property and equipment | - | 75,000 |
| | <u>(1,351,883)</u> | <u>(3,236,024)</u> |
| Net cash used in investing activities | | |
| | <u>(1,351,883)</u> | <u>(3,236,024)</u> |
| Increase (Decrease) in Cash and Cash Equivalents | 1,806,306 | (69,446) |
| Cash and Cash Equivalents, Beginning of Year | <u>2,278,872</u> | <u>2,348,318</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 4,085,178</u> | <u>\$ 2,278,872</u> |

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Notes to Consolidated Financial Statements

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Note 1: Nature of Operations

AIDS Project Los Angeles and APLA Health & Wellness jointly operate as APLA Health, the mission of which is to achieve health care equity and promote well-being for the LGBT and other underserved communities and people living with and affected by HIV.

History

The Organization was founded in 1982 by four friends who were alarmed by the sudden deaths in their communities and enraged at an unresponsive government. AIDS Project Los Angeles officially opened its doors in early 1983 and has grown from a single telephone hotline operating out of a closet to a provider of comprehensive health and HIV support services, HIV testing and prevention education and government advocacy from 14 locations across Los Angeles County. APLA Dental Services was founded in 2004 to house the Organization's dental program for individuals living with HIV. In 2012, the APLA Dental Services changed its name to APLA Health & Wellness and in 2014 became an FQHC and began offering primary medical and HIV care and behavioral health services as well as dental services.

On June 30, 2018, AIDS Project Los Angeles merged into APLA Health & Wellness. All assets and liabilities of AIDS Project Los Angeles were transferred to APLA Health & Wellness at book value as of the close of business on June 30. APLA Health & Wellness is the surviving corporation, and as of July 1, 2018, AIDS Project Los Angeles ceased to exist.

Services for the Low-Income LGBT Community and People Living with HIV

APLA Health serves more than 14,000 people from 14 locations in Los Angeles County every year, and focuses on providing free or low-cost medical, dental and behavioral health care to the LGBT community, as well as support services for those who are living with HIV. APLA Health's patient population is primarily people of color living at or below the federal poverty level who are facing multiple challenges in regards to their physical and mental health. As a federally qualified health center (FQHC), APLA Health provides medical, dental and behavioral health care to the community at large, but with an expertise in the unique needs of LGBT individuals, regardless of their HIV status.

APLA Health operates two full-service health centers, offering primary medical care, oral health and behavioral health services—the Gleicher/Chen Health Center in the Baldwin Hills neighborhood of South Los Angeles, and the Long Beach Health Center in downtown Long Beach, two communities with diverse LGBT residents that have also been hit hard by the HIV/AIDS epidemic. The Olympic Health Center, in the Fairfax-Carthay Circle neighborhood of Los Angeles, was added in December 2017 through the acquisition of a Los Angeles-Based private physician practice (Global Healthcare LA), and offers primary medical care. In addition, the Organization offers oral health care from the Wilshire Dental Clinic in downtown Los Angeles and The S. Mark Taper Foundation Center dental clinic in South Los Angeles. The David Geffen Center in Mid-City offers behavioral health care services. For patients who are living with HIV, APLA Health provides specialized medical care from its Gleicher/Chen Health Center and Olympic Health Center. The goal of APLA Health's HIV care services is to achieve an

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

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undetectable viral load. Maintaining an undetectable viral load helps the patient achieve the best health status possible as well as makes the patient unable to transmit HIV to sexual partners. This new strategy, Undetectable Equals Untransmittable (U=U), has the promise of helping to significantly reduce the number of new HIV infections, and brings us one step closer to ending the AIDS epidemic.

APLA Health also provides a diverse array of social support services from multiple locations throughout the County. These services include housing support, home health care, benefits counseling, case management, a telephone information line and groceries and nutrition counseling through its Vance North Necessities of Life Program food pantry network, the largest network of food pantries for people living with HIV in the country. The Organization also offers behavioral health care to HIV+ individuals from a West Hollywood satellite office.

STD Screening and Treatment, HIV Testing, PrEP and PEP Counseling and Management and HIV Prevention and Education

Since the beginning of the epidemic, APLA Health has delivered innovative HIV prevention programs that reduce infection rates through individual, group and community-level activities. The Organization's prevention programs seek to prevent infections among those who are HIV-negative and reduce the risk of HIV transmission among people who are already living with the disease. These efforts target those at greatest risk of HIV infection, including gay and bisexual men, people of color, youth, transgender individuals and those who struggle with addiction and mental health challenges. The Organization provides free HIV testing in three locations across the county, as well as free STD screening and treatment services at its Gleicher/Chen Health Center and the Long Beach Health Center.

Additionally, APLA Health is a trailblazer in the implementation of comprehensive biomedical HIV prevention programs that educate patients about pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) and offers them access to both. PrEP is a biomedical intervention in which a person takes a medication (currently Truvada) daily to help prevent HIV infection. If taken correctly, PrEP is up to 99% effective in preventing HIV transmission. PEP is used in emergency situations and must be taken within 72 hours of possible exposure to HIV. This biomedical intervention requires the person to take Truvada plus a second anti-retroviral medication for 28 days after possible exposure. Both PrEP and PEP are offered at the Gleicher/Chen Health Center, the Long Beach Health Center and the Olympic Health Center.

Government Affairs

APLA Health's Government Affairs team works to advance LGBT and social justice initiatives, such as reducing health care disparities, and advocates for optimal HIV/AIDS and health care policy, programs, funding and legislation. Government Affairs also advocates for strengthening and expanding the nation's network of federally qualified health centers, and increasing access to comprehensive health services for low-income, uninsured and underserved individuals.

The Government Affairs staff works at all levels of government—local, county, state and federal—meeting and speaking with elected officials, administrators and other decision makers to ensure

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

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that people affected by HIV, LGBT individuals and other underserved communities have access to the services they need for optimal health and well-being. Government Affairs also advocates for structural approaches to address social determinants of health including stigma, racism, homophobia and transphobia, poverty and homelessness.

Government Affairs operates unilaterally and within a broad range of coalitions such as the California Alliance of HIV Advocates and AIDS United in Washington, D.C. APLA Health also works in conjunction with national, state and regional primary care associations – including the National Association of Community Health Centers, the California Primary Care Association, and the Community Clinic Association of Los Angeles County – as well as other public and private sector organizations to expand health care access to all in need. It supports initiatives such as the Ryan White Program, prevention programs at the Centers for Disease Control and Prevention, Housing Opportunities for Persons with AIDS, the AIDS Drug Assistance Program and California PrEP Assistance Program, Medicaid, Medicare, the Health Center Program at the Health Resources and Services Administration, the 340B Drug Discount Program and health care reform.

The Global Forum on MSM & HIV (doing business as MPact Global Action for Gay Men's Health and Rights "MPact")

MPact was founded in 2006 to address inequities in access to HIV prevention, care and treatment programs among gay and bisexual men, and other men who have sex with men, while promoting their health and human rights, worldwide. MPact has instigated and supports a global movement to address homophobic stigma and discrimination through strengthening public health policies and alleviating funding disparities. Working at the intersection between the HIV and LGBT rights sectors, MPact is directly linked to 120 CBOs across 62 countries. MPact conducts advocacy, delivers technical support and manages sub-grants with CBOs that work at the country level. Over the past 12 years, MPact was instrumental in achieving: 1) priority focus given to men who have sex with men and other key populations by the Global Fund, International AIDS Society, UNAIDS and bilateral donors, including U.S. PEPFAR; 2) evidence-informed, global guidance on rights-based prevention and treatment of HIV issued by WHO; 3) stronger technical guidance on civil society engagement and on the specific needs of men who have sex with men issued by U.S. PEPFAR to country missions; and 4) expanded global funding opportunities for key population-led organizations and networks, *e.g.*, RCNF; U.S. PEPFAR's LINKAGES, Global Fund's new funding model.

During the year that ended June 30, 2018, MPact engaged in a rebranding process, which resulted in its new name. The Global Forum on MSM & HIV is now doing business as MPact. The change was prompted by the need for the organization to pivot more fully toward sexual health and LGBT rights, to keep pace with changes in the international, human rights and development sectors.

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

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MPact's organizational pivot is leading it into national and international development spaces that can create the funding, policy and legal conditions necessary for gay men and other men who have sex with men to live healthy and fulfilling sex lives. As part of this pivot, the Organization is also expanding its coalition work to include the broader LGBT communities. Therefore, each of MPact's achievements this year has been underscored by the nurturing and building of networks and coalitions, which specifically help fortify its advocacy actions and more generally its movement-building objectives.

Deepening partnerships with networks of people living with HIV, youth, transgender people, sex workers, people who inject drugs and rights activists in FY18 highlight the intersectional nature of MPact's work. These partnerships also compel the Organization to keep striving for multifaceted, inter-connected and complementary approaches to its work, as evidenced in the multi-lingual offerings of curricula, the increased use of video for advocacy and educational purposes and the expansion of MPact's social media presence.

MPact continued to direct much of its advocacy and global organizing experience in FY18 towards the United Nations (UN) high-level political forum, where governmental leaders from around the world convene to review progress and to make future commitments to sustainable development goals. MPact's role is to ensure that HIV and LGBT rights are included in voluntary national reviews. MPact used this forum to produce factual policy briefs, educate UN mission staff and join forces with other constituency-led community movements. In addition, MPact participated in the U.S. PEPFAR Country Operational Planning process, to ensure robust and informed community engagement at country-level. MPact's involvement in PEPFAR COP processes results in PEPFAR-funded programs that are more responsive to the needs of gay men and other men who have sex with men.

MPact ended the year with preparations for the July 2018 International AIDS Conference in Amsterdam. MPact planned for another pre-conference event and a week's worth of educational activities.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF) (collectively, "the Organization"). Each director of APLA Health & Wellness also serves on the AIDS Project Los Angeles board of directors. A majority of The Global Forum on MSM & HIV (MSMGF) directors are designated by the APLA Health & Wellness board of directors. All material intercompany transactions and balances have been eliminated in consolidation.

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Notes to Consolidated Financial Statements

June 30, 2018

Accounting Method

The Organization maintains its accounting records on an accrual method in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with initial maturities of three months or less to be cash equivalents. At June 30, 2018, cash equivalents consisted primarily of certificates of deposit.

At June 30, 2018, the Organization's cash accounts exceeded federally insured limits by approximately \$3,039,000.

Investments and Investment Return

Investments in marketable securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in certificates of deposit are carried at amortized cost. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Accounts Receivable

Patient accounts receivable are recorded at their net realizable value. In evaluating the collectability of patient accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the amount it anticipates will be collected. Management regularly reviews data about these major payer sources of revenue in evaluating this calculation.

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Inventories

The Organization values food supplies inventory at the lower of cost, determined using the first-in, first-out method, or market. Donated food inventory is valued at the wholesale price.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized. Repair and maintenance expenditures that increase the efficiency of the assets are expensed as incurred. As assets are retired or sold, the cost and related accumulated depreciation are removed from the accounts and any gain or loss on disposition is recognized in the statement of activities.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

| | |
|--------------------------------------|--------------|
| Buildings and leasehold improvements | 1 - 38 years |
| Equipment | 5 - 15 years |
| Furniture and fixtures | 1 - 10 years |

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless the donor restricts use of the assets. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service. Donor restricted contributions for property and equipment whose restrictions are met within the same period as received are reported as unrestricted contributions.

Certain property and equipment have been purchased with grant funds received from governmental agencies. Such items may be reclaimed if not used to further the grant's objective.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended June 30, 2018.

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Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose.

Net Patient Service Revenue

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Pharmacy Revenue

The Organization participates in the 340B Drug Discount Program which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Drug Discount Program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. The Organization earns revenue under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. The Organization has a network of participating pharmacies that dispense the pharmaceuticals to its patients under contract arrangement with the Organization. Reported 340B revenue consists of the pharmacy reimbursements, net of pharmacy fees. The 340B revenue is included in net patient service revenue on the statement of activities.

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same period as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

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Contributed Goods and Services

In-kind contributions are recorded at the estimated fair value. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized during the year ended June 30, 2018, from contributed goods and services consisted of:

| | |
|---------------------------|---------------------|
| Food supplies | \$ 593,143 |
| Volunteer hours | 285,432 |
| Legal services | 877,902 |
| Travel and transportation | <u>32,893</u> |
| | <u>\$ 1,789,370</u> |

Government Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Fundraising Expenses

Fundraising expenses are recognized as they are incurred.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fundraising services categories based on various methods. The statement of functional expenses present, by natural classification, the expenses of each program and support service.

Income Taxes

The Organization has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

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Subsequent Events

Subsequent events have been evaluated through October 31, 2018, which is the date the financial statements were available to be issued.

Note 3: Net Patient Service Revenue

The Organization is approved as a Federally Qualified Health Center (FQHC) for both Medicare and Medi-Cal reimbursement purposes. The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. These payment arrangements include:

Medicare. Covered FQHC services rendered to Medicare program beneficiaries are paid in accordance with provisions of Medicare's Prospective Payment System (PPS) for FQHCs. Medicare payments, including patient coinsurance, are paid on the lesser of the Organization's actual charge or the applicable PPS rate. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medi-Cal. Covered FQHC services rendered to Medi-Cal program beneficiaries are paid based on a prospective reimbursement methodology. The Organization is reimbursed at a negotiated encounter rate, for each clinic site, for all services provided. Services not covered under the FQHC benefit are paid based on established fee schedules.

The Organization is required to submit an annual Medi-Cal Reconciliation Request Form, per site to the California Department of Health Care Services (the "Department") for purposes of determining whether it was paid appropriately for certain Medi-Cal visits. These annual reconciliations result in the determination of any underpayment or overpayment by the Medi-Cal program for the affected visits.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change in the near term.

The Organization is a partner in the *My Health LA (MHLA)* program with the County of Los Angeles and has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per unit of service and discounts from established charges as well as capitation payments.

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Patient service revenue, net of contractual allowances and discounts, recognized for the year ended June 30, 2018, was:

| | |
|--------------------|-----------------------------|
| Medi-Cal | \$ 4,748,719 |
| Medicare | 141,787 |
| Third-party payers | 5,934,625 |
| Patients | <u>16,377</u> |
| Total | <u><u>\$ 10,841,508</u></u> |

Note 4: Concentration of Credit Risk

The Organization grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at June 30, 2018, was:

| | |
|--|--------------------|
| Medi-Cal | 35% |
| Medicare | 1% |
| Third-party payers (including 340B and MHLA) | 63% |
| Patients | <u>1%</u> |
| | <u><u>100%</u></u> |

Note 5: Investments

Investments, including term endowment funds, at June 30, 2018, consisted of the following:

| | |
|---------------------------|----------------------------|
| Certificates of deposit | \$ 1,138,193 |
| Mutual funds | 958,069 |
| Equity securities | 1,860,461 |
| U.S. Treasury securities | 268,479 |
| Corporate debt securities | <u>111,716</u> |
| Total | <u><u>\$ 4,336,918</u></u> |

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Notes to Consolidated Financial Statements

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Note 6: Contributions Receivable

Contributions receivable consisted of the following:

| | Unrestricted | Temporarily Restricted | Total |
|--------------------------|---------------------|-----------------------------------|--------------|
| Due within one year | \$ 282,406 | \$ 658,848 | \$ 941,254 |
| Due in one to five years | 47,970 | - | 47,970 |
| | \$ 330,376 | \$ 658,848 | \$ 989,224 |

Included in contributions receivable at June 30, 2018, is the use of donated land for the S. Mark Taper Foundation Center through March 2019. The use of donated land is valued at \$26,441 at June 30, 2018, and is expected to be recognized in full in 2019. In-kind rent expense for the year ended June 30, 2018, was \$39,662.

Note 7: Split Interest Agreement

The California Community Foundation, on behalf of the Organization, has received donations of assets in exchange for distributions of a fixed amount for a specific period of time to the donor or other beneficiaries. At June 30, 2018, the Organization has recorded a receivable of \$18,160, which reflects the fair market value of the donated assets, net of the annuitant liability, which is adjusted annually to reflect changes in life expectancies.

The Organization's interest in the agreement above is included in the Organization's financial statements as temporarily restricted net assets.

Note 8: Property and Equipment

Property and equipment at June 30, 2018, consisted of the following:

| | |
|--------------------------------------|--------------|
| Buildings and leasehold improvements | \$ 4,558,860 |
| Equipment | 1,750,326 |
| Furniture and fixtures | 665,507 |
| Construction in progress | 132,043 |
| | 7,106,736 |
| Less: accumulated depreciation | 4,846,790 |
| Property and equipment - net | \$ 2,259,946 |

Depreciation expense for the year ended June 30, 2018, was \$605,622.

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Notes to Consolidated Financial Statements

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Note 9: Accrued Expenses

Accrued expenses at June 30, 2018, consisted of the following:

| | |
|------------------------|----------------------------|
| Accrued vacation | \$ 599,339 |
| Accrued payroll | 358,165 |
| Other accrued expenses | <u>103,037</u> |
| Total | <u><u>\$ 1,060,541</u></u> |

Note 10: Medical Malpractice Claims

The Organization purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Claim liabilities are to be determined without consideration of insurance recoveries. Expected recoveries are presented separately. Based upon the Organization's claim experience, no accrual has been made for the Organization's medical malpractice costs for the year ended June 30, 2018. However, because of the risk in providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

Note 11: Long-Term Debt

| | |
|------------------|--------------------------|
| Note payable (A) | \$ 149,490 |
| Note payable (B) | <u>280,000</u> |
| | <u><u>\$ 429,490</u></u> |

- (A) Note payable with the City of Los Angeles due in annual installments of \$10,000, maturing in April 2031. The note bears no interest. The note is a service repayment loan that is forgiven annually subject to the property being used to provide low-income housing to people living with HIV/AIDS. No principal or interest is due prior to maturity as long as the property continues to be used for the intended purpose. The loan is secured by property.
- (B) Note payable with the State of California Department of Housing and Community Development, due June 2025, with interest-only payments and any unpaid principal and interest due at maturity. Note bears interest at 3.00 percent and is secured by certain property.

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Aggregate annual maturities of long-term debt at June 30, 2018, are:

| | | |
|------------|----|---------|
| 2019 | \$ | 10,000 |
| 2020 | | 10,000 |
| 2021 | | 10,000 |
| 2022 | | 10,000 |
| 2023 | | 10,000 |
| Thereafter | | 379,490 |
| | | 379,490 |
| | \$ | 429,490 |

Note 12: Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018, are available for the following purposes:

| | | |
|---|----|-----------|
| Term endowment fund (to support NOLP) | \$ | 2,507,507 |
| Dental service operations | | 26,441 |
| Patient centered medical home certification | | 20,920 |
| Split interest agreements | | 18,160 |
| Client/patient support programs | | 367,241 |
| Global Forum on MSM & HIV | | 757,884 |
| | | 757,884 |
| | \$ | 3,698,153 |

Note 13: Term Endowment

In 2017, the Organization established a term endowment with funds distributed from a trust in which the Organization was named as a beneficiary. Per the terms of the trust agreement, the total funds distributed of \$2,331,000 are to be held for a twenty-year period as a restricted fund. Investment return generated by the term endowment are to be used to support the Vance North Necessities of Life Program (NOLP). The balance of the restricted fund may be reduced below the value of the amounts originally contributed by market losses and by distributions under the Organization's spending policy. At the conclusion of the twenty-year period, the funds shall be considered an unrestricted asset of the Organization and used for general charitable purposes.

The Organization has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment. To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized) and targets a diversified asset allocation. During the year ended June 30, 2018, endowment assets generated an investment return totaling \$230,938, which is included in temporarily restricted net assets at June 30, 2018.

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Note 14: Operating Leases

The Organization has operating leases for certain facilities which expire in various years through 2025. These leases generally contain renewal options for periods ranging from one to ten years.

Future minimum lease payments at June 30, 2018, are:

| | |
|-------------------------------|---------------------|
| 2019 | \$ 2,066,943 |
| 2020 | 1,913,065 |
| 2021 | 1,862,037 |
| 2022 | 1,594,950 |
| 2023 | 907,105 |
| Thereafter | <u>31,727</u> |
| Future minimum lease payments | <u>\$ 8,375,827</u> |

Rent expense under operating leases totaled \$1,878,417 for the year ended June 30, 2018.

Note 15: Retirement Plan

The Organization has a 403(b) defined contribution plan covering substantially all employees. The Organization provides a discretionary employer matching contribution. Matching contributions of \$260,433 were recognized during the year ended June 30, 2018.

Note 16: Support to Other Organizations

It is the policy of the Board of Directors to support other service organizations whose goals are compatible with and whose services supplement those of the Organization. In this regard, during the year ended June 30, 2018, the Organization contributed \$216,619 to other service organizations.

Note 17: Allocation of Joint Costs

Through certain fundraising events, the Organization incurred joint costs of \$822,913 to expand outreach focused on achieving health care equity and promoting well-being for the LGBT and other underserved communities, including people living with and affected by HIV/AIDS and to raise funds. Of those costs, \$551,352 was allocated to fundraising expenses and \$271,561 was allocated to program services.

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Note 18: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2018:

| | Fair Value Measurements Using | | | |
|---------------------------|--------------------------------------|---|--|--|
| | Total Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Mutual funds | \$ 958,069 | \$ 958,069 | \$ - | \$ - |
| Equity securities | 1,860,461 | 1,860,461 | - | - |
| U.S. Treasury securities | 268,479 | 268,479 | - | - |
| Corporate debt securities | 111,716 | 111,716 | - | - |
| Split interest agreements | 18,160 | - | - | 18,160 |

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy.

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Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and would be classified as Level 2. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization has no securities classified as Level 2.

Split Interest Agreements

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Note 19: Construction in Progress

As of June 30, 2018, the Organization had construction in progress related to the expansion and renovation of a clinic. The project is expected to be completed in December 2018 at a total cost of approximately \$1,800,000. This project is funded through general agency funds including unrestricted contributions.

Note 20: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerability due to certain concentrations. Those matters include the following:

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement(s) of financial position.

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Note 10*.

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Current Economic Conditions

The current economic environment presents not-for-profit organizations, including community health centers, with difficult circumstances and challenges. As employers make adjustments to health insurance plans or more patients become unemployed, certain patients may find it difficult to pay for services rendered. Any changes to the *Affordable Care Act*, including the health insurance exchanges and Medicaid expansion, will directly impact community health centers' net revenues. Further, the effect of economic conditions on federal and state budgets could adversely impact the grant revenues available to not-for-profit organizations, including community health centers and the programs they administer. Each of these factors could have an adverse impact on the Organization's future operating results.

Note 21: Future Change in Accounting Principle

Revenue Recognition

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2018, for nonpublic entities (December 15, 2017, for not-for-profits that are conduit debt obligors), and any interim periods within annual reporting periods that begin after December 15, 2019, for nonpublic entities (December 15, 2018, for not-for-profits that are conduit debt obligors). The Organization is in the process of evaluating the impact the amendment will have on the financial statements.

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding

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the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019 (2018 for not-for-profits that are conduit debt obligors), and any interim periods within annual reporting periods that begin after December 15, 2020 (2018 for not-for-profits that are conduit debt obligors). The Organization is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Other Information

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Consolidating Schedule – Statement of Financial Position Information June 30, 2018

| | AIDS Project Los Angeles | APLA Health & Wellness | The Global Forum on MSM & HIV (MSMGF) | Eliminating Entries | Consolidated Total |
|-----------------------------------|-----------------------------|---------------------------|--|------------------------|-----------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,103,827 | \$ 1,487,504 | \$ 1,493,847 | \$ - | \$ 4,085,178 |
| Investments | 1,829,411 | - | - | - | 1,829,411 |
| Term endowment | 2,507,507 | - | - | - | 2,507,507 |
| Accounts receivable, net | 72,816 | 2,637,720 | 3,745 | - | 2,714,281 |
| Medi-Cal waiver receivable | - | 952,769 | - | - | 952,769 |
| Grants receivables | 859,282 | 1,221,316 | - | - | 2,080,598 |
| Contributions receivable | 80,000 | 473,949 | 435,275 | - | 989,224 |
| Prepaid expenses and other assets | 102,117 | 98,575 | 11,653 | - | 212,345 |
| Deposits | 104,491 | 31,550 | 11,025 | - | 147,066 |
| Inventories | 128,566 | - | - | - | 128,566 |
| Due from affiliate | 5,679,202 | - | - | (5,679,202) | - |
| Split interest agreements | 18,160 | - | - | - | 18,160 |
| Property and equipment, net | 482,418 | 1,777,234 | 294 | - | 2,259,946 |
| | <u>\$ 12,967,797</u> | <u>\$ 8,680,617</u> | <u>\$ 1,955,839</u> | <u>\$ (5,679,202)</u> | <u>\$ 17,925,051</u> |
| Liabilities and Net Assets | | | | | |
| Accounts payable | \$ 224,612 | \$ 749,660 | \$ 273,472 | \$ - | \$ 1,247,744 |
| Accrued expenses | 233,476 | 675,412 | 151,653 | - | 1,060,541 |
| Due to affiliate | - | 5,678,002 | 1,200 | (5,679,202) | - |
| Deferred revenue | 194,521 | 44,086 | 1,070,886 | - | 1,309,493 |
| Notes payable | 429,490 | - | - | - | 429,490 |
| | <u>1,082,099</u> | <u>7,147,160</u> | <u>1,497,211</u> | <u>(5,679,202)</u> | <u>4,047,268</u> |
| Net assets | | | | | |
| Unrestricted | | | | | |
| Undesignated | 8,518,407 | (946,989) | (299,256) | - | 7,272,162 |
| Board designated | 837,351 | 2,070,117 | - | - | 2,907,468 |
| Temporarily restricted | 2,529,940 | 410,329 | 757,884 | - | 3,698,153 |
| | <u>11,885,698</u> | <u>1,533,457</u> | <u>458,628</u> | <u>-</u> | <u>13,877,783</u> |
| Total liabilities and net assets | <u>\$ 12,967,797</u> | <u>\$ 8,680,617</u> | <u>\$ 1,955,839</u> | <u>\$ (5,679,202)</u> | <u>\$ 17,925,051</u> |

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Consolidating Schedule – Statement of Activities Information

Year Ended June 30, 2018

| | AIDS Project Los Angeles | APLA Health & Wellness | The Global Forum on MSM & HIV (MSMGF) | Eliminating Entries | Consolidated Total |
|--|-----------------------------|---------------------------|--|------------------------|-----------------------|
| Revenues and Other Support | | | | | |
| Fundraising events | \$ 1,482,329 | \$ - | \$ - | \$ - | \$ 1,482,329 |
| Cost of direct donor benefits | (518,163) | - | - | - | (518,163) |
| Net fundraising events | 964,166 | - | - | - | 964,166 |
| Contribution revenue | 3,838,404 | 416,107 | 985,159 | - | 5,239,670 |
| Grant revenue | 4,318,259 | 6,814,609 | 2,884,461 | - | 14,017,329 |
| Net patient service revenue | - | 10,841,508 | - | - | 10,841,508 |
| Medi-Cal waiver revenue | - | 1,843,825 | - | - | 1,843,825 |
| Contributed goods and services | 717,044 | 1,056,326 | 16,000 | - | 1,789,370 |
| Other revenue | 202,453 | 191,391 | 170,941 | - | 564,785 |
| Investment return | 271,488 | - | - | - | 271,488 |
| Total revenue and other support | <u>10,311,814</u> | <u>21,163,766</u> | <u>4,056,561</u> | <u>-</u> | <u>35,532,141</u> |
| Expenses and (Losses) | | | | | |
| Salaries and wages | 3,881,179 | 7,114,084 | 1,191,266 | - | 12,186,529 |
| Employee benefits | 858,874 | 1,464,016 | 244,988 | - | 2,567,878 |
| Purchased services and professional fees | 1,685,812 | 934,741 | 1,869,725 | - | 4,490,278 |
| Occupancy | 929,455 | 1,329,492 | 90,800 | - | 2,349,747 |
| Attendant care | - | 1,206,857 | - | - | 1,206,857 |
| Temporary help | 542,223 | 344,636 | - | - | 886,859 |
| Food supplies | 984,193 | - | - | - | 984,193 |
| Printing and duplication | 128,457 | 43,889 | 9,068 | - | 181,414 |
| Staff training, development and travel | 252,881 | 197,088 | 285,443 | - | 735,412 |
| Depreciation | 115,279 | 489,755 | 588 | - | 605,622 |
| Support to other organizations | 216,619 | - | - | - | 216,619 |
| Promotion and outreach | 238,082 | 208,191 | 46,748 | - | 493,021 |
| Postage and delivery | 61,104 | 1,401 | 99 | - | 62,604 |
| Supplies, equipment rental and maintenance | 298,237 | 3,324,837 | 7,850 | - | 3,630,924 |
| Accounting and legal | 145,005 | 848,028 | 48,057 | - | 1,041,090 |
| Insurance | 63,795 | 59,031 | 455 | - | 123,281 |
| Communications | 69,670 | 86,328 | 7,887 | - | 163,885 |
| Indirect cost charges | (2,384,976) | 2,384,976 | - | - | - |
| Total expenses | <u>8,085,889</u> | <u>20,037,350</u> | <u>3,802,974</u> | <u>-</u> | <u>31,926,213</u> |
| Change in Net Assets | 2,225,925 | 1,126,416 | 253,587 | - | 3,605,928 |
| Net Assets, Beginning of Year | <u>9,659,773</u> | <u>407,041</u> | <u>205,041</u> | <u>-</u> | <u>10,271,855</u> |
| Net Assets, End of Year | <u>\$ 11,885,698</u> | <u>\$ 1,533,457</u> | <u>\$ 458,628</u> | <u>\$ -</u> | <u>\$ 13,877,783</u> |

Supplementary Information

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Schedule of Expenditures of Federal and Nonfederal Awards Year Ended June 30, 2018

| Federal Grantor / Federal Program or Cluster Title Pass-Through Grantor / Grant Name | Federal CFDA Number | Pass-Through Identifying Number | Program Expenditures | | Federal Funds Passed Through to Subrecipients |
|--|---------------------------|---------------------------------------|----------------------|------------|---|
| | | | Federal | Nonfederal | |
| MAJOR PROGRAMS | | | | | |
| U.S. Department of Health and Human Services/ Grants for New and Expanded Services under the Health Center Program | 93.527 | H80CS26614 | \$ 2,037,775 | \$ - | \$ - |
| U.S. Department of Health and Human Services/ HIV Prevention Activities Health Department Based Pass-through the County of Los Angeles Division of HIV & STD Programs/ HIV/AIDS Native American Health Education/Risk Reduction Prevention Services | 93.940 | PH-001058 | 132,119 | - | - |
| HIV/AIDS Counseling and Testing Prevention Services | 93.940 | PH-000805 | 333,627 | - | - |
| HIV/AIDS Health Education/Risk Reduction Prevention Services | 93.940 | PH-001051 | 124,076 | - | - |
| HIV/AIDS Health Education/Risk Reduction Prevention Services | 93.940 | PH-001026 | 153,433 | - | - |
| Biomedical HIV Prevention Services | 93.940 | PH-003079 | 146,583 | - | - |
| | | | <u>889,838</u> | <u>-</u> | <u>-</u> |
| Total major programs | | | <u>2,927,613</u> | <u>-</u> | <u>-</u> |
| NONMAJOR PROGRAMS | | | | | |
| U.S. Department of Housing and Urban Development/ Housing Opportunities for Persons With AIDS (HOPWA) Program Pass-through the City of Los Angeles/ Training Module | 14.241 | C-128728 | 130,025 | - | - |
| Regional Office SPA 6 Housing Specialist Services | 14.241 | C-127716 | 1,060,718 | - | 280,509 |
| Pass-through Alliance for Housing and Healing/ Housing Specialist Services | 14.241 | 01-01 | 369,330 | - | - |
| | | | <u>1,560,073</u> | <u>-</u> | <u>280,509</u> |
| U.S. Department of Health and Human Services/ HIV Prevention Activities Non-Governmental Organization Based HIV Prevention Activities - CBA for Health Departments | 93.939 | N/A | 922,634 | - | 163,593 |
| HIV Prevention Activities - R3VNG | 93.939 | N/A | 323,152 | - | - |
| HIV Prevention Activities - Trans Connections | 93.939 | N/A | 270,848 | - | 33,688 |
| | | | <u>1,516,634</u> | <u>-</u> | <u>197,281</u> |
| U.S. Department of Health and Human Services/ HIV Emergency Relief Project Grants Pass-through the County of Los Angeles Division of HIV & STD Programs/ HIV/AIDS Mental Health, Psychotherapy Services | 93.914 | H-210815 | 43,489 | - | - |
| HIV/AIDS Nutrition Support Services | 93.914 | H-700241 | 773,373 | - | 40,365 |
| HIV/AIDS Oral Health (Dental) Services | 93.914 | H-204505 | 1,013,392 | - | - |
| HIV/AIDS Case Management, Home - Based Services | 93.914 | H-204620 | 738,802 | - | - |
| HIV/AIDS Medical Care Coordination | 93.914 | PH-003302 | 160,194 | - | - |
| HIV/AIDS Benefits Specialty Services | 93.914 | PH-002673 | 164,320 | - | - |
| | | | <u>2,893,570</u> | <u>-</u> | <u>40,365</u> |
| U.S. Department of Health and Human Services/ Substance Abuse & Mental Health Services | 93.243 | N/A | 350,336 | - | 5,798 |
| Total forward | | | 9,248,226 | - | 523,953 |

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Schedule of Expenditures of Federal and Nonfederal Awards Year Ended June 30, 2018

| Federal Grantor / Federal Program or Cluster Title Pass-Through Grantor / Grant Name | Federal CFDA Number | Pass-Through Identifying Number | Program Expenditures | | Federal Funds Passed Through to Subrecipients |
|--|---------------------------|---------------------------------------|----------------------|------------|---|
| | | | Federal | Nonfederal | |
| Total forward | | | \$ 9,248,226 | \$ - | \$ 523,953 |
| U.S. Department of Health and Human Services/ Mental Health Research Grants Pass-through Rand Corporation/ Culturally Tailored Empowerment for HIV Prevention in YMSM in Beirut | 93.242 | 9920150087 | 10,669 | - | - |
| U.S. Department of Health and Human Services/ Preventive Health Services - Sexually Transmitted Diseases Control Grants Pass-through the County of Los Angeles Division of HIV & STD Programs/ HIV/AIDS Counseling and Testing Prevention Services | 93.977 | PH-000805 | 57,796 | - | - |
| U.S. Department of Health and Human Services/Nursing Research Pass-through Rand Corporation/Nursing Research | 93.361 | 9920170072 | 171,322 | - | - |
| U.S. Department of Health and Human Services/ Special Projects of National Significance | 93.928 | H97HA26499 | 285,596 | - | 34,500 |
| U.S. Department of Homeland Security/ Emergency Food and Shelter National Board Program Pass-through Local Services Board of Federal Emergency Management Agency/Emergency Food and Shelter National Board Program | 97.024 | 069500-001 | 43,249 | - | - |
| Agency for International Development/ USAID Foreign Assistance for Programs Overseas Pass-through/Family Health International, Inc. (FHI 360) | 98.001 | AID-OAA-A14-00045 | 137,503 | - | - |
| County of Los Angeles, Division of HIV & STD Programs/ HIV/AIDS Health Education/Risk Reduction Prevention Services | N/A | PH-001026 | - | 524,130 | - |
| State of California Department of Mental Health/ Pass-through Los Angeles County Department of Mental Health/ Mental Health Services | N/A | MH121243 | - | 32,109 | - |
| City of West Hollywood | N/A | 2015-16 and 2016-17 | - | 290,628 | - |
| UARP - CA Center for HIV/AIDS Research Policy | N/A | RP15-APLA-008 | - | 162,258 | - |
| Total forward | | | 9,954,361 | 1,009,125 | 558,453 |

**AIDS Project Los Angeles, APLA Health & Wellness and
The Global Forum on MSM & HIV (MSMGF)
Schedule of Expenditures of Federal and Nonfederal Awards
Year Ended June 30, 2018**

| Federal Grantor / Federal Program or Cluster Title Pass-Through Grantor / Grant Name | Federal CFDA Number | Pass-Through Identifying Number | Program Expenditures | | Federal Funds Passed Through to Subrecipients |
|---|---------------------------|---------------------------------------|----------------------|---------------------|---|
| | | | Federal | Nonfederal | |
| Total forward | | | \$ 9,954,361 | \$ 1,009,125 | \$ 558,453 |
| Pass-through City of Los Angeles/ HIV Prevention Red Circle Project | N/A | C-125558 | - | 38,517 | - |
| Pass-through University of California Los Angeles/ UARP - CA Center for HIV/AIDS Research Policy | N/A | 1568 G TA441 | - | 144,253 | - |
| UARP - CA Center for HIV/AIDS Research Policy | N/A | 2000 G TP661 | - | 17,177 | - |
| United Nations AIDS (UNAIDS) | N/A | | - | 13,571 | - |
| The Global Fund | N/A | | - | 221,360 | - |
| Robert Carr Civil Society Networks Fund | N/A | 2013153/ 2014097/ 2015141 | - | 1,264,553 | - |
| Aids Fonds - Soa Aids Nederland | N/A | | - | 1,247,474 | - |
| | | | <u>\$ 9,954,361</u> | <u>\$ 3,956,030</u> | <u>\$ 558,453</u> |

**AIDS Project Los Angeles, APLA Health & Wellness and
The Global Forum on MSM & HIV (MSMGF)
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV, it is not intended to and does not present the financial position, changes in net assets or cash flows of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF).
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. AIDS Project Los Angeles and APLA Health & Wellness have a federally approved indirect cost rate and are not eligible to use the 10 percent de minimis indirect cost rate as referenced under the Uniform Guidance. The Global Forum on MSM & HIV (MSMGF) has elected to use the 10 percent de minimis indirect cost rate as referenced under the Uniform Guidance.
3. AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF) did not have any federal loan programs during the year ended June 30, 2018.

**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***

Independent Auditor's Report

Board of Directors
AIDS Project Los Angeles,
APLA Health & Wellness
and The Global Forum on MSM & HIV (MSMGF)
Los Angeles, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Board of Directors
AIDS Project Los Angeles,
APLA Health & Wellness
and The Global Forum on MSM & HIV (MSMGF)

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Springfield, Missouri
October 31, 2018

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
AIDS Project Los Angeles,
APLA Health & Wellness
and The Global Forum on MSM & HIV (MSMGF)
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV's (MSMGF) (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV's (MSMGF) major federal programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV's (MSMGF) 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 of the Organization's compliance.

Board of Directors
AIDS Project Los Angeles,
APLA Health & Wellness
and The Global Forum on MSM & HIV (MSMGF)

Opinion on Each Major Federal Program

In our opinion, AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

BKD, LLP

Springfield, Missouri
October 31, 2018

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the consolidated financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

AIDS Project Los Angeles, APLA Health & Wellness and The Global Forum on MSM & HIV (MSMGF)

Schedule of Findings and Questioned Costs Year Ended June 30, 2018

7. The Organization's major programs were:

| Cluster/Program | CFDA Number |
|---|-------------|
| Health Center Program Cluster | 93.527 |
| HIV Prevention Activities Health Department Based | 93.940 |

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The Organization qualified as a low-risk auditee? Yes No

Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding |
|----------------------------|---------|
| No matters are reportable. | |

Findings Required to be Reported by Uniform Guidance

| Reference Number | Finding |
|----------------------------|---------|
| No matters are reportable. | |

**AIDS Project Los Angeles, APLA Health & Wellness and
The Global Forum on MSM & HIV (MSMGF)**

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018**

| Reference Number | Finding | Status |
|-----------------------------|----------------|---------------|
|-----------------------------|----------------|---------------|

No matters are reportable.